

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

15TH JANUARY, 1985

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Sixth Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Tuesday 15th January, 1985, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, LVO, 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.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 11th December, 1984, having been previously circulated, were taken as read and confirmed.

PETITIONS

MR SPEAKER:

Mr Bossano I understand that you have a petition to present to the House.

HON J BOSSANO:

Mr Speaker, I have got a petition that I have been asked to present to the House which has been endorsed by the Clerk as being in conformity with the Rules governing petitions and I therefore ask that the petition be laid on the table.

Ordered to lie.

HON J BOSSANO:

Mr Speaker, I beg to move that the petition be read. The history of this is that shortly after the announcement of the Brussels Agreement a number of young people concerned about the implications for their future, thought that it was desirable that their concern should be brought to the notice of the House and on making enquiries as to the procedure that had to be followed were informed that the petition had to be introduced in the House of Assembly by a Member. They therefore approached me and I was able to tell them that we fully supported their views and that we would be happy to introduce this petition to the House of Assembly and, in fact, this occurred over the Christmas period and the petition in its original form had already been circulating and it required a re-drafting and a collection of signatures beginning afresh. It is for this reason that the youngsters have had to work extremely hard in a very short space of time since the beginning of the year to be able to obtain the level of support that they have for this petition which amounts to 5,448 signatures and I have no doubt at all in my mind, Mr Speaker, that that figure could easily have been doubled had it not been considered essential to bring the petition to the House at this point in time because of its relevance which will become obvious once the petition is read, because of its relevance to matters on the Agenda for this meeting. There would have been little point, in fact, in the petition being brought to the House subsequent to the meeting. The persons who are signing this petition and supporting the petition are a cross section of our community and there is no ideological or political bias in the signatories in that they consist of people not only who have supported Members of the Opposition in the last election but, indeed, of many people who have supported the party in Government and people of all ages and people of all income groups and therefore we consider it to be a clear reflection of a widespread view in Gibraltar.

MR SPEAKER:

There are two things you should say and that is what, basically, the petition is asking the House to do and, secondly, make a formal motion that it be read.

HON J BOSSANO:

Thank you, Mr Speaker. The petition, Mr Speaker, in its preamble, shall we say, expresses a particular view as to the implications of the Brussels Agreement and essentially what it seeks is to bring to the notice of the House this view so that the House may reconsider its intended decision of advancing EEC rights and therefore the prayer of the petition essentially is seeking from Members of this House support for the view that the Bill on the Agenda, which is the European Communities (Amendment) Ordinance advancing EEC rights, should not be proceeded with. I therefore move, Mr Speaker, that the petition be read.

MR SPEAKER:

Gentlemen, as you all know, in accordance with the Rules of Procedure there is no debate on the motion and all I have to do now is to put the question that the petition be read.

Mr Speaker then put the question in the terms of the Hon J Bossano's motion 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 abstained:

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 passed.

MR SPEAKER:

The motion is therefore carried and I will therefore ask the Clerk to read the petition.

3.

CLERK OF THE HOUSE:

The petition is addressed to the Honourable the House of Assembly of Gibraltar and reads as follows:

"THE HUMBLE PETITION of the undermentioned signatories SHEWETH as follows:

1. That as Gibraltarians, British citizens and inhabitants of the Rock (which saw us born after generations of British sovereignty) we feel it is a duty and an obligation, to manifest our disagreement with the recent Brussels Agreement referring to any issue of sovereignty over the Rock, being any other than that of the British Crown. We as people with rights to our territory cannot accept that Spain should have any say over any issue concerning Gibraltar.
2. We submit that to give preferential treatment to Spanish nationals by the advance implementation of EEC rights would be a negation of the sentiments expressed above and undermine the rights of Gibraltarians in Gibraltar and its future sovereignty.

YOUR PETITIONERS therefore pray that all Members of the House should not proceed with the legislative proposals giving effect to the Brussels Agreement by the advance implementation of EEC rights to Spanish nationals.

AND YOUR PETITIONERS, as in duty bound, will ever pray, etc".

And there follow all the signatories.

DOCUMENTS LAID

The Hon the Minister for Health and Housing laid on the table the following document:

The accounts of the Gibraltar Quarry Company Limited for the year ended 30th November, 1983, together with the Principal Auditor's Report thereon.

Ordered to lie.

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

- (1) Supplementary Estimates Consolidated Fund (No 2 of 1984/85).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 4 of 1984/85).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 5 of 1984/85).

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.05 pm.

The House resumed at 3.25 pm.

Answers to Questions continued.

THE ORDER OF THE DAY

MINISTERIAL STATEMENTS

MR SPEAKER:

The Hon the Chief Minister and the Hon the Minister for Education, Sport and Postal Services have given notice that they wish to make statements. I now call on the Hon and Learned the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, on 16 May, 1984, I issued a statement on changes in the assignment of business to Ministers. In that statement I said that, in pursuance of the aim of achieving a greater degree of Ministerial coordination and inter-departmental efficiency, Mr A J Canepa would in future undertake a general supervisory role, on my behalf, in relation to the activities of Government Departments. I went on to say that he would in particular be responsible to me for the coordination of Ministerial policies and activities in matters affecting more than one Department, both on a day-to-day basis and in the preliminary detailed consultations required before policy issues are referred to Council of Ministers for decision.

Finally, I said that, while there was no provision in the Constitution for a Deputy Chief Minister, to all intents and purposes Mr Canepa would be my Deputy. He is now informally and unofficially referred to as such.

Sir, the effect of the new arrangements has been to place a considerably greater load of work and responsibility on Mr Canepa, who is, indeed, now substantially, though not entirely, a full-time Minister. After consultation with my colleagues, I have decided that Mr Canepa's pay be increased.

As the House is aware, Ministers at present receive one half of the pay of a Grade B Officer in the Government Service. The rate for the Deputy will be halfway between that of a Minister and that of the Chief Minister. Although Mr Canepa has been discharging his new additional responsibilities since May, 1984, the new rate will come into effect on 1st January, 1985.

HON J BOSSANO:

Mr Speaker, I understand that the Rules of the House provide for points of clarification to be raised in relation to statements but I think this is a statement of a particular nature and with your indulgence

MR SPEAKER:

No, I think you can go further as I have established the practice since I have been sitting in this Chair that I always allow the Leader of the Opposition to make a short reply to whatever statement is made. Questions themselves must be exclusively related to clarification and nothing else.

HON J BOSSANO:

Let me say, Mr Speaker, that we are opposed to the decision that the Government has taken and no doubt the matter will have to come before the House so that the money is voted and we shall vote against. It is in no way a reflection on Mr Canepa himself or on his commitment or on the amount of work that he does but we do not see why the taxpayer in Gibraltar should have to pay more for the government of Gibraltar because the Chief Minister of Gibraltar chooses to create a new post of Deputy Chief Minister for which there is no provision in the Constitution. I think if the Chief Minister feels so strongly about the valuable work that the Hon Mr Canepa is doing, then either he can step down and allow the Hon Mr Canepa to take over from him and get his salary as Chief Minister or, alternatively, he can choose to take a pay cut and pass over his pay cut as an increase to Mr Canepa or perhaps even, something that we tend to believe in, have a system where people who are full-time in politics get paid one rate and people who have got a part-time commitment to politics and their own income from outside, get a different rate of pay. These are, as far as we are concerned, alternatives which are compatible with what exists for everybody else in the House. But I think for the Chief Minister to say: "I am now going to have a Deputy Chief Minister" - which is a totally new situation which has never existed before and for which there is no constitutional provision, and let the people of Gibraltar foot the bill, is totally unacceptable and, quite frankly, it would be as unacceptable if I said: "I am going to have a Deputy Leader of the Opposition and I want the House to vote a certain amount of money to pay for the Deputy Leader of the Opposition because the GSLP has decided that we should have a Deputy Leader of the Opposition", which perhaps my Hon Friend might agree with but nobody else would on this side.

HON CHIEF MINISTER:

Mr Speaker, I tried to do this like all matters connected with Members' Interests on the basis of a consensus agreement. Unfortunately, apart from the fact that the Leader of the Opposition told me that it was the policy of the GSLP if they ever were to come into Government to have all full-time

Ministers and therefore of much more expense to the taxpayer, perhaps that would come out of the famous economic plan which has never been produced, I tried to do that but unfortunately after telling me that he rather cursorily disposed of the matter one day after not giving me an answer from the very beginning back in June and it is not that I have chosen to do that, it is that the work of the Government is ever-increasing and whilst I accept that the Hon Member has had good words for Mr Canepa, I do not require his advice how I could do it any other way, I know that. Perhaps we could ask all Members to cut their salaries in a bad situation financially for everything, not just for one Deputy and perhaps I might also offer since the Leader of the Opposition has been so generous in his remarks, I might say that I consider it completely unfair that a Member of the Opposition gets half of what a Minister gets because there is no proportion in the amount of work. But there it is, we accept it and it would be now for me to try and deprive Members opposite from their good £5,000 a year for coming here three or four times and putting twenty-five questions in to be able to justify themselves as Members of the Opposition. Having said that I would like to draw the attention of the House and of the public that Mr Canepa now chairs the Development and Planning Commission, the Land Board, the Coordinating Committee in Industrial Relations, the Steering Committee which deals with the matters of Shiprepair, the Efficiency Committee, the Expenditure Committee which has become necessary because Hon Members opposite do not want to form part of the Public Accounts Committee and therefore we have had an internal one to be able to make civil servants answerable and if there is a "tacañon" in the world that is Mr Canepa, if he can make people produce and so on that is my Colleague Mr Canepa and he has also other ad hoc Committees to attend. I tried to do this in the normal way, the Hon Member replied one day very quickly coming in, discussing it with his colleagues and coming out and I feel that I have the responsibility to see that that is the case and, of course, I will come to the House for supplementary funds from now till the end of the year and make provision in next year's estimates and I take full responsibility for that because I think it is mean, to say the least, of the Members of the Opposition who want to make themselves full-time Ministers, to question a small increase to somebody who is rendering such a good service to Gibraltar.

HON J BOSSANO:

I don't know what the Rules of debate are on this matter. The Hon Member has made a statement and then he has had the right of reply.

MR SPEAKER:

I think, basically, what the Chief Minister has done is to answer what has been put by you by way of questions but if you wish to say something you are free to do so provided you are succinct and to the point.

HON J BOSSANO:

Yes, because we are not begrudging Mr Canepa anything that he may deserve, Mr Speaker, and I have already said to the Hon Member and he has quoted me in his reply that we believe that there is merit in a system which distinguishes between people who are full-time working on Government duties and people who are part-time. What we are questioning is the principle of the creation of a post and payment for that post.

HON CHIEF MINISTER:

If the Hon Member will give way. I regret to say that whilst I was reading the first part of the statement the Hon Leader of the Opposition and his Colleague on his right were talking and were not listening to what I was saying. Perhaps for his benefit I will repeat it. I said that when I made the statement in May, 1984, on changes in the assignment of Ministers, I said that in pursuance of the aim of achieving a greater degree of Ministerial coordination and inter-departmental efficiency, Mr Canepa would in future undertake a general supervisory role, on my behalf, in relation to the activities of Government Departments. I then said that in particular, he would be responsible for the coordination of Ministerial policies and activities in matters affecting more than one Department, both on a day-to-day on-going basis and in the preliminary detailed consultations required before policy issues were referred to Council of Ministers for decision. That is the criteria. Finally, I said that though there was no provision in the Constitution, he would virtually be my Deputy as everybody knows that that is the case. But the criteria is the fact that we set up a new system whereby there was much more coordination and, in fact, the work of Government requires a lot to be done, in fact, some of the difficulties have been mentioned here in connection with something else. I am glad that the Hon Member has given way, that is what I said. I wasn't saying that because I made him my Deputy I was going to give him that, I am not kingmaker but the Hon Member was talking to his Colleague next door when I was talking.

HON J BOSSANO:

Well, Mr Speaker, be that as it may, then are we to take it that the Hon and Learned Chief Minister is not suggesting that there should be a different level of allowance for his Deputy because he is his Deputy but for his Deputy because of the volume of work and therefore by analogy, presumably the other Members of the Government then will get paid more if they get more work or get paid less if they get less work. If we are going to have a productivity agreement on the Government side that might not be a bad thing, we would presumably go along with that.

HON CHIEF MINISTER:

There would be no possibility of getting a productivity agreement from Hon Members opposite other than the Leader of the Opposition who should have three-quarters of the salary of all his Members because he asks us all the supplementary questions himself for everybody else. I didn't say something which I ought to say now and which I think is important and that is that whilst other Members of the Government have other activities and have other means of supporting themselves, Mr Canepa, as everybody knows, is totally dedicated to public life.

MR SPEAKER:

We are beginning to debate the statement and we should not do that. We will leave it there. We will now recess for tea for about half an hour.

The House recessed at 5.30 pm.

The House resumed at 6.10 pm.

MR SPEAKER:

I will now call on the Hon the Minister for Education, Sport and Postal Services to make his statement.

HON G MASCARENHAS:

Sir, I have a rather lengthy statement and I hope the House will bear with me.

As indicated in my replies to Questions Nos. 129 and 130 of 1984, a sub-committee of Council of Ministers assessed all areas concerned with the transfer of the Gibraltar and Dockyard Technical College to Government. I am pleased to inform the House that after consideration of the sub-committee's recommendations Government has agreed that it should take over the College and re-organise it for Further Education in Gibraltar as from April, 1985.

Members will be aware that the need for an institution offering Further Education in Gibraltar has long been felt. Although the Gibraltar and Dockyard Technical College met local technical/vocational requirements, very successfully, over a period of time, no community stands still. Recent events are accelerating the pace of change. An institution offering a broader spectrum of courses is now considered to be fundamentally necessary in Gibraltar.

Such a College is essential if local vocational training and re-training programmes are to be effected. Professional secretarial/commercial/management courses do not exist in Gibraltar at a time when such economic activities as a result of the financial centre, continue to expand. Tourism-oriented programmes also need to be considered within the short and long term. The commercialisation of the Dockyard and innovations such as computers and word-processors are also making

demands for skills not yet available locally in sufficient numbers. The development of Gibraltar as a language centre for foreign students is also a possibility. Local school leavers will also require appropriate training and qualifications in order that they be able to seek jobs with distinct advantage. The lack of a Further Education institution would increase the incidence of importation of skills. Certain major projects envisaged by Government eg Queensway, Rosia, and the East side, will also demand skills in numbers not presently available in Gibraltar.

It is also felt important that opportunities exist for persons wishing or needing to re-train or simply further their own education generally after leaving school. A Further Education College and its resources can also provide a central Government resource for Government's own training needs.

In recognition of the need, Government, as far back as 1976, instituted a programme aimed at localising the teaching staff at the Gibraltar and Dockyard Technical College. This was a necessary first phase if a transfer of the College were to become feasible. Expert advice from the Essex Education Authority was sought in 1979 and the resultant Bell Report established the professional framework upon which the College of Further Education would be developed. The Principal-designate was identified in 1983 and was seconded to the Gibraltar and Dockyard Technical College in April of that year.

A staff development course, in expectation of a new role, was undertaken under the guidance of Coombe Lodge, the main UK Further Education Staff College, in July, 1984. The Principal-designate has recently returned from an attachment to Essex to acquaint himself with the latest developments in the UK. My Department has not been idle in making the necessary preparations for the transfer.

The original target date of September, 1981, could not be achieved as no agreement could be reached on the specific question of the transfer of ownership of the site and buildings of the existing Gibraltar and Dockyard Technical College. The Lands Memorandum of 1983 provided the basis on which this matter could be progressed. Following very hard work at this end, local negotiations on the transfer of lands and buildings are now finalised and await formal clearance from MCD(UK). Government is agreed to meeting the proposed transfer cost of £114,000.

Realising that the re-organisation of the Technical College into a new institution, with an up-dated concept of a new role, will create an immediate need to expand the accommodation available, the School Section of the John Mackintosh Hall will become part of the fabric of the new College. This was envisaged and planned for in the construction of the new West-side School building. The Commercial Studies activities at this School will be reduced as the College expands and takes over this role at a more realistic age level.

Members are aware from previous information brought to the House that the new College will be structured into three departments. These departments will cater for Technology, Business/Commercial, and General/Adult Studies. The Technology Department will meet needs in Mechanical and Electrical Engineering, Building and Construction, and other technical areas such as Tele-communications, as the demand is felt. Given the experience and expertise accumulated over many years within the Gibraltar and Dockyard Technical College this department is particularly well placed to meet industrial/technical demands from the community. The Business/Commercial Studies Department is meant to provide a new and much needed facility in an area where little has been available to members of the community wishing to further their skills and qualifications. It will maintain and develop courses currently run by Westside School as well as introducing appropriate new Business Education Council courses. As a new venture in Gibraltar this Department faces perhaps the biggest challenge. The General/Adult Department will offer a support service to the other two departments in the areas of language, mathematics and communication skills and also have responsibility for the programming of Adult Education. In this latter role, it should be in a position to offer broader opportunities to the community, as well as develop the potential of Gibraltar as a language centre. Note should also be taken of the College's expertise and facilities in this field of computer education, a well subscribed area of the current Adult Education Programme.

Unlike the Gibraltar and Dockyard Technical College, which traditionally met the needs of HM Dockyard, the new College will need to be sensitive to a wider demand market in Gibraltar and react to it. A built-in flexibility of attitude will therefore be a vital ingredient necessary for its positive development. The prospects are good, a wide range of needs already exists. The College's management will now have to establish strong links with the employing market, translating these needs into suitable course offers. It is a challenge. But one, I am sure, there is already ample, demonstrated skill in our teaching force to believe it will be met positively and with success.

It will be appreciated that the current academic year will have to run its course. The effective operational date for the new College will therefore be September, 1985. Between now and then there are matters to decide and preparations to make. Procedures and conditions of service will now need to be discussed and agreed with the relevant Staff Sides. Given these agreements early recruitment of designate appointments is envisaged to prepare for the academic year 1985/86.

The Principal, as mentioned, is already identified. The overall teaching establishment has been initially set at twenty-five full-time staff, inclusive of the Principal. Further needs will be assessed in the light of experience as the College develops. The employment of temporary specialists to meet short-term needs will also be possible, as indeed already happens in Adult Education.

Three Grade II Heads of Department will need to be appointed for the three departments with one of them carrying extra responsibility as Vice-Principal. These are new posts and represent levels of responsibilities and promotion not open to locally-entered teaching staff until now. The level of other promotion posts within the new College will also be enhanced by two additional Lecturer II posts, as compared to the present level.

Under the Burnham Regulations governing conditions of service for all teaching grades in Gibraltar, the new College constitutes the re-organisation of an institution. As such, discussion will need to be entered into with the Gibraltar Teachers' Association to clear procedures and safeguards within the framework of Burnham.

In terms of the ancillary staff, the staffing level has been set at seventeen, inclusive of industrial staff already in employment at the School Section of the John Mackintosh Hall. Again, details and procedures will need to be discussed and agreed with the relevant Union representing these posts.

The administrative staff at the Gibraltar and Dockyard Technical College are all MOD employees, and as such, essentially an MOD responsibility. This is an area upon which I can make no pronouncement as it is a matter that lies outside the jurisdiction of my Department. Again, due steps will be taken, in consultation with the appropriate Staff Side, to provide the new College with administrative support at the same level as that offered to both Comprehensive Schools.

The House will be aware that the setting up of the Gibraltar College of Further Education is the single, most important expansion of educational provision since the re-structuring of primary and secondary education. It comes at a time when the community also finds itself entering a new phase in its development. It is a new phase full of challenges, yes, but one also providing us with exciting possibilities and opportunities for the future. The new College is a further indication of this Government's faith in the ability and skill of its people to face the future with confidence. It is a source of pride for me, particularly, as Minister for Education to be able to make this announcement today and I wish to take this opportunity to thank those colleagues, three ex-Ministers of Education, Maurice Featherstone, Frank Dellipiani and Brian Perez for the valuable contribution of their knowledge and experience, and all those who were involved at one time or another during those numerous and lengthy meetings of the sub-committee of Council of Ministers and particularly my Director of Education, Julio Alcantara.

We are embarking on a major expansion of Gibraltar's educational system and my hope is that as many individual Gibraltarians as possible benefit from further education in the future for the betterment and success of Gibraltar, and for the benefit of all.

I am sure all Members will join me in wishing the Principal and the new College well in their endeavours.

HON R MOR:

Mr Speaker, we welcome the fact that at long last . . .

MR SPEAKER:

May I ask if you will be making a short statement and no one else because, as I say, I am quite happy to delegate that from the Leader of the Opposition to you. We are not debating the statement, I am very well aware of the fact that one particular question this morning was not answered because the Minister said that he was going to make a statement, you are free to ask questions but you are not free to debate.

HON R MOR:

Could I ask then, Mr Speaker, of the £114,000 which have been paid how much of that is in plant and equipment within the College?

HON G MASCARENHAS:

Mr Speaker, the £114,000 is only for the building and the equipment therein. What is there in place today.

HON J BOSSANO:

Mr Speaker, isn't the value of the building covered by the Lands Memorandum?

HON G MASCARENHAS:

Yes, I said so.

HON J BOSSANO:

Mr Speaker, is the Hon Member saying that the plant and equipment is free?

HON G MASCARENHAS:

No, it is not free but, quite frankly, Mr Speaker, with what is inside the College today the equipment is rather old and antiquated and there will have to be new investments if we are to proceed with our requirements.

HON J BOSSANO:

The point is, Mr Speaker, that there is a formula which was announced by the Government, agreed with the United Kingdom Government, which is the current value of the building reduced by, I think it was 11/2% or something like that

for every year. Is the £114,000 the cost of the building based on that formula or does it include an element for plant and equipment, that is the point?

HON G MASCARENHAS:

No, Mr Speaker, as far as I am aware the £114,000 is for the building, everything else inside, I imagine, is coming free. We have been 50% shareholders in the Gibraltar and Dockyard Technical College over the years so we could say that we have paid for it already.

HON R MOR:

Mr Speaker, could I ask the Government why does it feel that they have no responsibility towards the MOD employees who are now presently in the College?

HON G MASCARENHAS:

Mr Speaker, as I said in my statement they are essentially MOD employees. We don't know what the needs exactly are for the administrative side. As far as we are concerned we know what the Comprehensives require and we shall need the same level of support for the new College but that can be carried out from the Education Department. There will have to be clericals there but I am afraid that is a matter for the establishment side and not for us in my Department.

HON R MOR:

But, Mr Speaker, isn't the Government aware that there is a redundancy situation within the Ministry of Defence and that if they refuse to take on these MOD employees it will result in extra redundancy taking place?

HON G MASCARENHAS:

Mr Speaker, I am not aware and I cannot really go any further than what I have said, it is a matter for the establishment once we know the exact needs from the administration side. Of course, I am concerned for the two persons that I believe that are there but they are essentially MOD employees and not our responsibility at this precise moment.

HON R MOR:

But, Mr Speaker, isn't it correct that quite a few years ago when there were redundancies in the War Department, as it was then, that the local Government took over redundant employees?

HON G MASCARENHAS:

Quite frankly at this stage I don't know whether the Ministry of Defence, Mr Speaker, would have the present administrative employees transferred to somewhere else.

HON R MOR:

If I may inform the Government, the situation as regards those two employees is that if they go back to the Naval Base two redundancies will have to be made.

HON G MASCARENHAS:

Yes, this is, Mr Speaker, what I hear, not officially, unofficially, and if that is the case I cannot pre-empt it, I have said earlier that I cannot pre-empt it, it is a matter for the establishment to arrive at the number of people that we will require at the College of Further Education. Preparations are being made now and I hope they will be speedy preparations in order to solve this problem of the administration staff.

HON R MOR:

Mr Speaker, I think I must insist. The Government is taking over the College and there are employees there. Surely, it must be the Government's responsibility to look after the future of these employees.

MR SPEAKER:

With respect, I don't know whether it is or it isn't, I do know what the statement has said. The statement has said that insofar as Government is concerned, they are taking over the College and not the employees.

HON A J CANEPA:

Mr Speaker, the Ministry of Defence have come back to the Government on the matter, they have made representations to the Government and they will be given serious consideration but there are two factors, additionally, that have not been mentioned so far today. First of all, I understand that the Gibraltar General Clerical Association, in other words, the Association that represents clerical officers employed with the Gibraltar Government, are not in favour of these two employees being taken over by the Government of Gibraltar. The other consideration that I think we have to bear in mind is that the last time we took over employees of the Ministry of Defence the settlement that was reached in respect of future pension commitments was totally unsatisfactory to the Gibraltar Government. I remember the case in some detail because it was somebody who was taken over by the Department of Labour and Social Security and I was the Minister at the time and what the Ministry of Defence paid over to the Gibraltar Government in respect of the accrued pension rights and in respect of the commitment that the Government would have to pay that person a better pension than the one he would have received from the Ministry of Defence on reaching the age of 60, the amount paid over was totally ridiculous, it was of the order of £500 for the whole of the commitment.

If that is going to be the attitude of the Ministry of Defence, if they are not going to consider paying over to the Government a realistic figure in respect of future pension commitments, we are going to have difficulties. I have mentioned two points that I am concerned about because the Establishment Officer has discussed this matter with me and the state of play, as I understand it is that the Ministry of Defence have written to the Deputy Governor about the matter and the representations are to be considered seriously.

HON J BOSSANO:

Mr Speaker, is the Minister aware that since the last time to which he is referring there is the United Kingdom Department's Pension Scheme in Gibraltar which has got within the scheme a scale which establishes what would be the transfer payments and that those transfer payments, in fact, are very substantial and are not open to negotiation, they are laid down in the agreement?

HON A J CANEPA:

But are those transfer payments payments that would be made to a prospective employer, to an employer taking over the commitment and it is not just for transfer within the Ministry of Defence Departments? If that is the case it is a factor I think that if that establishes a realistic payment then that is an obstacle that can be overcome.

HON J BOSSANO:

Mr Speaker, could I ask the Government whether they would look into this because the position is that if people move within the United Kingdom Department there is no transfer payment involved because in fact they carry their seniority with them. The transfer payments in the United Kingdom's Departments Scheme which is similar to that in UK is that provided there is a recipient pension scheme which is as good as the MOD and which will give people similar benefits, then there is a multiplier giving a lump sum payment which is, in fact, very, very substantial so I would ask the Government whether they will look into this because I think that would meet that point entirely.

HON A J CANEPA:

Yes, as I say, the matter is not closed, what I don't think Hon Members opposite can expect is a categorical statement from this side particularly having regard to the constitutional position. The Ministry of Defence have properly written to the Deputy Governor, that is the proper channel of communication. It will be taken from there and no doubt Gibraltar Government Ministers will be consulted in respect of the view which the administration takes on the matter.

HON R MOR:

Mr Speaker, could I ask the Government to keep us informed.

HON A J CANEPA:

I don't think there will be any difficulty in doing that.

HON J BOSSANO:

On a matter of clarification. The Minister said in paragraph 14 of his statement, on page 4, that under Burnham Regulations the new College constitutes a re-organisation of an institution. Does that imply that the post of Lecturer II currently in the establishment and held by people will be re-advertised once the College passes over to the Gibraltar Government and that the post holders will have to apply for their own jobs?

HON G MASCARENHAS:

Mr Speaker, the same occurred when the re-organisation of the Secondary and Primary Schools system was done. The answer to his question is yes.

HON J BOSSANO:

And is he aware that the union to which these people belong has already given notice that they will take industrial action if that happens?

HON G MASCARENHAS:

No, Mr Speaker.

HON J BOSSANO:

Will he therefore make himself aware of that fact?

HON G MASCARENHAS:

Yes, Mr Speaker.

BILLS

FIRST AND SECOND READINGS

THE EUROPEAN COMMUNITIES (AMENDMENT) ORDINANCE, 1985

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to make provision in connection with the inclusion of the Hellenic Republic within the European Communities and further to make provision for the application of Community rights in relation to the Kingdom of Spain its Nationals and Companies and other matters be read a first time.

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 R Mor
The Hon J C Perez
The Hon J E Pilcher

The Bill was read a first time.

SECOND READING

HON CHIEF MINISTER:

Sir, I have the honour to move that the Bill be read a second time. The Bill is in two major parts. Part I deals with the requirements to incorporate in our Ordinance the provisions of the accession of the Hellenic Republic. This is a matter that should have been done some time ago but for some reasons of which we have heard some difficulties this morning it has not been done and that part of the law which we require under the European Communities Ordinance which is set out in the First Schedule of the Ordinance is deemed to have come into operation on the 1st January, 1981, which was the date of the Greek accession. The date of implementation has got very relevant importance because there are derogations in the Greek accession which date from the date of membership of the European Community. The second part of the Ordinance deals with the proposals for advance implementation in respect of the Spanish entry into the European Community. I made a very long statement in support of my motion that I brought before the House on the 12th December, 1984, on the circumstances that led to the Brussels Agreement. I do not propose to go over that ground all over again, it is very much in the minds of people and the Bill deals with that aspect of it. The first part of the Ordinance, as I say, should have deemed to have come into operation on the 1st January, 1981. Part II which deals with what I would call advance implementation, we all know what that is, that one will come on a date as may be prescribed by the Governor-in-Council by notice published in the Gazette. I shall refer to that

and to the timing of the question at a later stage. The main provisions of the Bill are set out in the Schedules. The First Schedule contains the necessary amendments which are required for the incorporation of the accession of Greece into the Community according to our law and when we come to the Third Schedule some of the matters which are put in the First Schedule are deemed to apply for the purposes of the advance implementation. The Second Schedule is a list of all the derogations, exceptions and modifications in relation to the Kingdom of Spain. Hon Members opposite have been provided with lists of the various Community documents therein referred and with up-to-date copies of the three major Ordinances being amended - the Immigration Control Ordinance, the Trade Licensing Ordinance and the Land (Titles) Order. In the case of Spain there is a fourth Ordinance which is the Traffic Ordinance which is also being amended. The derogations in the Second Schedule specifically mention all the items that have already been concluded in the chapters that have been completed in the negotiations for Spanish accession and I particularly draw attention to the first part of the Second Schedule which is that Articles 1 to 16 and Articles 13 to 23 inclusive of the Regulation on the Freedom of Movement of Workers within the Community shall not apply in Gibraltar to nationals of the Kingdom of Spain until the expiration of the transitional period of seven years from the date of accession of the Kingdom of Spain to the European Communities. Gibraltar may maintain in force with regard to Spanish nationals, national provisions submitting to prior authorisation immigration undertaken with a view to pursuing an activity as an employed person and/or taking up pursuit of paid employment. The point is that the derogations that apply to Spanish accession to the whole of the Community will also apply in the short period of advance implementation. I should remind the House at this stage of the precise wording of that part of the Brussels Agreement which refers to the question of legislation. The Agreement states "that the provision of equality and reciprocity of rights for Spaniards in Gibraltar and Gibraltarians in Spain will be implemented through the mutual concession of the rights which citizens of EC countries enjoy taking into account the transitional period and derogations agreed between Spain and the Common Market". The Agreement goes on to say: "the necessary legislative proposals to achieve this will be introduced in Spain and Gibraltar". I need hardly say that that is what we are doing now as far as Gibraltar is concerned and that is what the Bill before the House is about but the House will wish to know what is happening insofar as the corresponding process in Spain is concerned ie what is being done to confer EC rights for Gibraltarians. This matter has naturally been the subject of consultation between the British Embassy and the Spanish Ministry of Foreign Affairs and the Embassy has been given a number of assurances on the subject. I can inform the House that the Spanish Government intends to annul the decree of 1969 to give Gibraltarians the right to five-year resident permits in Spain to allow foreigners, including Gibraltarians, to buy up to one-tenth of the land in the security zones of the Campo Area except for areas actually owned by the

Military Authority. There are areas in certain parts of the vicinity which have been marked as indeed there are in the North of Spain and on the frontier with Portugal where they are described as military areas and where no foreigner is entitled to own property in those areas. They are reducing that by 10%, that is they are shrinking it for the moment and it is perhaps intended to carry on doing that. That is meant really for the purposes of people who want to reside in the more immediate vicinity in respect of that extension to the security area that they can buy property in their own name. The legislation will also accord recognition to degrees or diplomas held by Gibraltarians on the terms and conditions laid down by the Community for people in Gibraltar who wish to do so in Spain. So far one or two professional people who have been practising in Spain have done so under the provisions of that 1969 decree where you had to uproot yourself, take everything with you, washing machines and everything and establish yourself in Spain. Those are the people who have been given rights in the past, now it is not expected that you should uproot yourself but there is a reciprocal right and so on. It is also my understanding that in the sphere of investment in Spain of which there are a certain amount of restrictions, Gibraltarians will enjoy rights at least as extensive as those required by the European Community. This is being done in advance because that is not yet the law in Spain for other Members. In other areas Spanish law already provides rights to which Gibraltarians will be entitled under EC requirements. Insofar as social security is concerned, Spanish law does not require amendment because as a general principle Gibraltarians, like all foreigners, are entitled to the same benefits as Spaniards. The details of both sides will be pursued after the Ministerial meeting. All the necessary steps which we are taking here are being or will be taken in Spain to confer the appropriate EC rights on Gibraltarians which taken all together will match the measures which the House is being asked to approve. It is, of course, the intention that the relevant Spanish legislation, as our own, will come into force before the Ministerial meeting in Geneva and in time to give effect to the provisions of the Brussels Agreement. I should add that, of course, and in accordance with paragraph (d) of the Brussels Agreement, action is being put in Spain to allow for the free transit of persons, vehicles and goods across the border as well as the re-introduction of custom services. It is, of course, well known that the Government supports the Brussels Agreement and that the Opposition opposes it but that is in the normal state of affairs a matter which happens in all democracies where people take different views on matters of great importance for ideological or other reasons. The effect of not proceeding with the legislation now would be, first, to delay the removal of the restrictions for almost a year and, secondly, to require its re-introduction later on this year in order to comply with our European Community obligations. As made clear in the statement issued by Ministers this

morning, the advance mutual conferment of EC rights by Gibraltar and Spain has nothing to do with the issue of sovereignty, a question on which we are all at one and on which we rely on ourselves, the British Government and Parliament to maintain our wishes. 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:

I take it that that is a rhetorical question, Mr Speaker. I think it is difficult to talk on the merits of the Bill so I will talk on the general principles because it is difficult to find any merit in the Bill. Let me say, first of all, that certainly the Opposition, as has already been indicated by our vote on the First Reading, will be opposing this Bill in its totality and I shall have to apologise to our Colleagues in Greece for the fact that we appear to be against their entry into the Common Market under Part I of the Ordinance. The fact that we are today in Gibraltar allowing Greece to join the Common Market is symptomatic of the state of affairs in which we find ourselves in relation to our Community obligations. This Bill, Mr Speaker, isn't just one more piece of legislation which in the normal run of events in a democracy the Government and the Opposition may have differing views and where there may be ideological differences. This Bill, Mr Speaker, is the very antithesis of the definition given by the Hon and Learned Chief Minister to the Brussels Agreement. This Bill is not a reflection of an honourable settlement, this Bill is the most shameful piece of legislation that has ever been introduced in the House of Assembly. This Bill, Mr Speaker, is a Bill that puts into effect the conferment of rights with the restrictions still on. Where are all those slogans of 'no talks under duress'? Where does this Bill leave all the statements that the Hon and Learned Chief Minister has made in this House of Assembly since 1977 when he defended the Strasbourg process, the Paris talks, the Lisbon Agreement, as exploratory, no negotiations taking place, it is all exploratory. Well, look where the exploration has brought us - a Bill which is signed, sealed and delivered. A Bill which the Government whether it was presented with a petition with 5,000 signatures or with a petition with 25,000 signatures has got no choice. The debate in this House is going to be a debate for posterity where the Opposition will put on record the strong objections that the people of Gibraltar have got to the Brussels Agreement and to this Ordinance but the vote of the Government is guaranteed. There is no argument that we can put here to change their minds because we know that deep down inside their hearts they have got serious doubts themselves at a personal level but they are not going to be reflected

today when the vote is taken in a political commitment that reflects what they feel because as Gibraltarians they feel as we do and as Gibraltarians they feel like the 5,448 petitioners do and the other thousands who would have signed had they had longer because there are hundreds of AACR signatures on that sheet of paper, Mr Speaker, and the Government knows it and the Hon and Learned Chief Minister knows it because I am sure there are many people who have told him like they have told me. What do we find in this Bill? We find that we are committing ourselves to granting rights in exchange for the lifting of the restrictions, that is clear because why otherwise is there no date for the coming into operation of the Ordinance because if at the last minute there were some hitch and the restrictions were not lifted, the Ordinance will not come into operation. Then it isn't that we are putting our laws right because they are wrong, it isn't that we are removing discrimination because we are against discrimination which we in the Opposition would support 100%, let us make that absolutely clear. As a party and as socialists we are committed to non-discriminatory laws, we are against discrimination on grounds of nationality, on grounds of race or on any other grounds and we don't require the lifting of restrictions to be persuaded of that. We are prepared to correct whatever is wrong in our legislation with the restrictions on and with the frontier closed because it is offensive to us as Gibraltarians and as a community and as a people but what we are not prepared to do, Mr Speaker, is to be told for four years that the Lisbon Agreement is not being implemented because the Spanish Government is breaking faith with what they are committed themselves to, because the Spanish Government said one thing in Lisbon and three months later they upped the stakes and now they want before they lift the restrictions, they want to have guarantees on equality of rights. They are putting pre-conditions now and that is unacceptable. What we cannot have is the Chief Minister of Gibraltar in evidence to the Foreign Affairs Committee of the House of Commons saying that the view of the Government of Gibraltar was that it was totally wrong for Spain to expect at the last minute just before they enter the Common Market and just before they have to lift the restrictions anyway, to expect to be able to hold the United Kingdom to the commitment to negotiate entered into in Lisbon because why should we agree to that? We were agreeing to it, which we didn't, but the Government was agreeing to it, it was going along with it reluctantly in 1980 because they were advancing it by X number of years, whatever advantage or disadvantage that may make because it is clear that there is still a big enigma about how big an advantage or disadvantage it is but certainly the Chief Minister tells the Foreign Affairs Committee: "There is no way that Spain is going to come to us at the last minute and invoke the Lisbon Agreement, either they get on with it now or it is dead". We have had Ministerial statements in the House saying that it is rotting, it is smelling, it is dead, it is buried and suddenly it is revived.

Why is it revived, because there is a change of policy in the Foreign and Commonwealth Office in London or are we expected to believe once again that this is another initiative of the Hon and Learned Member, like Strasbourg was an initiative of his? Well, then the greater his responsibility. If the whole idea has been his idea from the beginning the greater his responsibility because if he had never taken the initiative with Dr Owen to go to Strasbourg we might not be in the mess we are today. I know the high regard that Sir Geoffrey Howe has for the Hon Member and how much his wise advice is something on which Sir Geoffrey Howe is dependent. I imagine that any one of these days we are going to lose his valuable advice in this House of Assembly and Sir Geoffrey Howe is going to take him off to have meetings with Chernenko and Reagan and the rest of the elder statesmen of this world and we shall certainly regret very much not having him here with us any longer, Mr Speaker. Be that as it may, I would like to know from the Hon and Learned Member because he is certainly not giving us any of his wise advice so far in seeking support for this Bill, how he considers that his advice to Her Majesty's Government has in any way altered anything that Spain was seeking as a pre-requirement for the lifting of restrictions? Where does this leave us with the argument consistently used by the other side, the statement signed by the Hon Member and circulated in the House of Commons to which I referred in an earlier debate, The Truth About Gibraltar, where quite clearly Members in the Commons were told that the truth about Gibraltar was that Spain was re-defining the Lisbon Agreement because in fact the Lisbon Agreement talked about future cooperation based on equality of rights and that equality of rights would not be across the board, equality of rights would be applicable in areas where it was demonstrated to be of mutually beneficial effect on ourselves and on Spain. I would like the Hon Member to say of all the rights that the Spaniards were demanding, which one as a result of his advice has been thrown out because it was not of benefit to Gibraltar because as far as I am concerned what we are doing in this Bill, Mr Speaker, is not extending Community rights to Spanish nationals, we are extending the rights that we are granting to Spanish nationals to Community nationals and it is not going to stop here. We have already seen as a result of questions this morning and in the last House of Assembly, Mr Speaker, that when we have been able to pin down the Government which has not been an easy task, the final result of our probing has been that the Government has finished up saying that they are not sure and that they may have to take advice and that they may have to revise the situation; on family allowances, on residential rights, on rights to housing, on medical services, on income tax; so this isn't the end of the road. The reality of the situation is that Gibraltar has not belonged to the European Community since 1973 other than hypothetically because we have been physically separated from it by the Iberian Peninsula and nobody in his right mind is going to get on a plane from Denmark to London and London to Gibraltar to come here and claim family allowances, Mr

Speaker, but it is quite conceivable that someone might walk across to do it and therefore the argument which we have lost totally through the negligence of the Government is the argument brought to the House of Assembly on the 7th July, 1980, when we asked the Government to support a motion making immediate and urgent representations to change our terms of membership of the Common Market, on our existing terms of membership Gibraltar cannot survive for the reasons given by the Minister for Economic Development that it is a big boys' club and we are small but we are applying the rules of the big boys' club so how can he defend his vote in favour when he has been as critical on some occasions in the House and consistently inside the EEC Committee where the minutes are secret and I hope that now that the Government is implementing this legislation, which no doubt they will whatever arguments we put, they will have no further reservations about keeping the contents of the debates inside the EEC Committee of the House of Assembly secret because one of the overriding arguments used there, Mr Speaker, was that we couldn't come out saying anything because the Spaniards might get to know, as if the Spaniards did not know everything that happens in Gibraltar inside out anyway, but we couldn't discuss what rights we might or might not have to give them because they might find out. Well, there is no problem in them finding out they have got them so now we can make it all public. Mr Speaker, this Ordinance opens up Gibraltar to outside competition on every front in a way that has never been done before and in a way which is inconsistent with all our legislation and in a way which is inconsistent with our economic structure. Gibraltar is going to pay an extremely heavy price for this shameful piece of legislation and we want to make it absolutely and categorically clear that we disassociate ourselves entirely from page 1 to the final page with everything that this contains. The responsibility rests exclusively on the benches of the Government and they have no mandate to do this. This was not included in their manifesto, the Hon Member went to an election saying that the AACR supported the Lisbon Agreement having been saying for the three years that preceded the election that the Lisbon Agreement did not mean that we would give them rights before they opened the frontier, that the Lisbon Agreement meant the opposite, that the Lisbon Agreement meant that we would start talking about the possibility once they had taken the restrictions off - in the future. Now we are hearing the same story about sovereignty but once bitten twice shy, Mr Speaker. We have been hearing that story for three years on the Lisbon Agreement and on sovereignty we have been hearing it for twenty years, after all wasn't it the Hon and Learned Member who came back to Gibraltar after appearing before the Committee of 24 in the United Nations to support the line of the British Government that sovereignty was not a matter for discussion with Spain because sovereignty was not a matter that came within the terms of reference of the Committee of 24 and the question of de-colonisation because the question of sovereignty was covered by an international treaty which was binding on Britain and Spain and therefore de-colonisation had nothing to do with it

and the Committee of 24 had nothing to do with it and that was the British Government's position then, it was the position put by Mr King in the United Nations supported by the Hon and Learned Member for which he was received with acclaim in Gibraltar, for which the people of Gibraltar willingly withstood everything that the Franco regime was willing to throw at it, for which the people of Gibraltar have been told constantly how grateful they need to be for the support they have received from the United Kingdom which I personally considered to have been very meagre, Mr Speaker, but they have been constantly reminded how we ought to be grateful for being supported for defending the stand that the British Government was taking and now twenty years later the British Government decides that today a different stand needs to be taken and we are all now told that we all have to stand on our heads, well, we are not standing on our heads on this side of the House, Mr Speaker. We stand where we stood yesterday, where we stood four years ago and where we stood twenty years ago and we will stand there tomorrow and there are many, many hundreds of Gibraltarians who think like us and who feel like us and the Government is doing a great disservice to itself and to the traditions of its party, to the traditions and the grass roots of the AACR, Mr Speaker, it is doing a great disservice with this piece of legislation. It is straining the loyalties of its supporters to the maximum. I am not questioning for one moment their intentions, I find it very difficult to believe that any Member of this House can possibly want anything bad for Gibraltar, can possibly want to see the end of Gibraltar, the ruin of Gibraltar or a Spanish Gibraltar or a Gibraltar which is going downhill but I am certainly questioning the fundamental inconsistency between what they are asking this House to support today and the stand that they have been taking until now. I am questioning that because the facts speak for themselves. Mr Speaker, if we look at this Bill what do we find? The Hon Member has said that they have agreed with Spain that it shall be passports at the frontier. What their legislation will say is "subject to the provisions of Section 53 a Community National may enter Gibraltar on the production by such a National of a valid identity card or a valid passport" - one or the other - "by the Member State of which he is a national, or by Spain in the case of a Spanish National". What is the Hon and Learned Member telling me, that if a Community national arrives here with an identity card he is going to be told: "No, you cannot go in because we have agreed with Spain that you cannot"?

HON CHIEF MINISTER:

If the Hon Member will give way. At least let me clarify because different as our views may be at least we should know what we are talking about. I made it quite clear that there had been an agreement that passports would be used during the date of advance implementation. That is as far as we are concerned with the Spaniards. First of all, Spain is not a Member of the Community yet - they have agreements, I think, with France and other places - but if a Community National comes to Gibraltar with a proper identity card we have to let him come in. Spaniards are not Community Nationals and will not be until at the earliest the 1st January, 1986, and it was in that respect, in that period, that I said it had been agreed that passports would be required. Whether we can agree later on or not again is a matter for the two parties concerned.

HON J BOSSANO:

Right, Mr Speaker, so now we find that the Agreement puts a limitation on Spanish Nationals and not on Community Nationals but to my knowledge we have not allowed a Community National to enter Gibraltar since 1973 on the strength of an identity card. Presumably, if a Community National arrives in the Mons Calpe or arrives at the airport with an identity card he should be allowed in. Well, the Government had better let the immigration know that because the immigration have got the habit of putting a stamp saying how long they can stay in Gibraltar and you cannot do that on an identity card, Mr Speaker. I am glad that at least some benefit is going to come out of this Bill, Community Nationals are at long last going to start exercising Community rights in Gibraltar and I hope that the Government will in the process ensure that when a Gibraltarian goes to an EEC country it is possible to do so on the strength of a Gibraltar identity card because at the moment it is difficult to do it on the strength of a Gibraltar passport never mind a Gibraltar identity card. If you go with a Gibraltar passport you have to have a stamp saying that for EEC purposes you are a Community National, or a UK passport, because the Common Market, Mr Speaker, and this is the real significance of this Bill, this is where a very special relationship is being created between us and Spain, the Common Market doesn't recognise the existence of Gibraltar as a separate State, and let me assure the Hon and Learned Member that all the documents that are produced by Government Departments say this and the answers that are given to Members of the European Parliament which we have been given copies of and answers that are given to Members of the House of Commons which we have been given copies, of constantly make the point that the United Kingdom is a Member of the Common Market, that the United Kingdom is the authority responsible for Gibraltar and that the agreements are between the United Kingdom and the Common Market hence the reciprocal medical services, hence special

agreements on social insurance. Therefore, if the United Kingdom agrees something tomorrow with the EEC, de facto we are bound by that agreement. We are not sovereign in this matter, we were told that in 1973, Mr Speaker. When the legislation was brought here by the Attorney-General at the time, we were told that effectively we couldn't amend anything whatever we debated because, in fact, it flowed from our terms of membership of the Treaty of Rome that there were Treaty obligations which are overriding. Community law overrides any legislation that we pass here and therefore we have a situation where the rights of a Community National in Gibraltar, for example, on residential grounds, are related to residents within the EEC but the rights of a Spanish national in Gibraltar are not just an advancement of EEC rights, are an advancement of rights over and above the rights of an EEC national because if we give a right to a frontier worker prior to the entry of Spain, by virtue of Community law that right would be automatic and non-discriminatory, by virtue of a reciprocal agreement that right applies to Spanish Nationals and not to Community Nationals because Community Nationals do not have the right because they are not commuting between one State in the Common Market and another State in the Common Market because we are in the Common Market and they are not. So, effectively, what we have is a situation where our relationship with the European Economic Community is a relationship derived from our status as a dependent territory of the United Kingdom and therefore all our rights and obligations are a result of our constitutional position. Our relationship with the United Kingdom is a bilateral one because, obviously, the British Subject in France has got rights as a Community National, the Frenchman in the United Kingdom has got rights as a Community National and the Frenchman in Gibraltar has got them because they flow from the United Kingdom but the British Subject coming from UK to Gibraltar, hasn't got them because he is not going from the UK to another EEC State, he is going from one part of the UK to another part of the UK as far as Community law is concerned but since United Kingdom law does not apply to us, since the health service does not apply to us, since the tax system does not apply to us and so forth, since we have got a different administrative structure, we have to have a special arrangement and in the context of the EEC the only people with whom we have a special arrangement is the United Kingdom because of our constitutional relationship. And after today the only other people with whom we will have it will be Spain. We will have a special arrangement with Spain and a special arrangement with UK, a special arrangement with UK because we are a dependent territory of UK and a special arrangement with Spain because it is vitally important for Spain that that should be so, because it is consistent with their claim that this is not our land that it is theirs and the party that is bringing this here is the party that has drummed into the heads of the people of Gibraltar for forty years the right to our land. Whose land? Mr Speaker, I am not going to go into any more detail on this Bill. I think the sentiments of the Opposition on this issue are more than manifest and I recommend to Members of the Government that they vote against.

HON A J CANEPA:

Mr Speaker, I want to divide my address to the House into two parts. In the first one, for the record, I think I should outline the provisions of the Bill as they affect the Trade Licensing Ordinance for which I have ministerial responsibility as Minister for Trade. In the first place Mr Speaker, I think it is essential to point out what is happening with regard to those matters which were introduced into the Second Schedule in 1983, namely, carpentry, decorating, joinery, painting, plumbing and woodwork. Just prior to 1983, the Trade Licensing Authority had been having considerable difficulties in considering applications for these matters and felt that there was a need to include them in the Schedule in order to make it clear that when somebody wished to carry out one of these activities in direct pursuance of building contracting, a trade licence was required. That was the genesis of those amendments, they emanated from the Trade Licensing Authority. Without knowing that that was the case, in fact, those amendments as they stand in the law at present in the Trade Licensing Ordinance contravened then and they contravene now what are termed 'the standstill provisions' which are contained in Articles 53 and 62 of the Treaty of Rome which establishes the European Community and the provision of these standstill requirements is that, in fact, Member States shall not introduce any new restrictions on the right of establishment or the freedom to provide services in respect of those who are self-employed after accession. Anyhow, we went ahead and we did that in 1983, nobody seemed to complain, no one seemed to bring the matter to our notice but now that it has come under the microscope, as it were, it is clear that we are in contravention of those provisions. But because, in fact, it is only in a sense when qualifying that these activities are undertaken in the context of building contracting that a trade licence is required and not when they are undertaken in isolation, that we can retain these provisions but qualify them by the amendment that we are moving in order to explain clearly that through adding the amending words "Insofar as undertaken in the context of Building Contracting", what in fact was intended at the time and which continues to be the intention. This is done, Mr Speaker, in page 13 of the Bill. And then also in respect of Trade Licensing in the Third Schedule, in pages 20, 21 and 22 of the Bill it goes on to introduce two items. One of them, item (a), extends the benefit there is to a proviso in Section 13(3) to include Spanish nationals and companies and it also extends the benefit of the proviso to European Community Nationals and Spanish Nationals who have a right of establishment in Gibraltar or a right to provide services and who, in fact, intend to exercise either of those rights. The second item, item (b), extends the benefits which are given by the existing Section 16(2) to Spanish Nationals. Additionally, Mr Speaker, we have taken advantage of the fact that there is an amendment to the Ordinance before the House to remove the out-dated reference to citizens of

the United Kingdom and Colonies and substitute that by "British Dependent Territories Citizens". That is so far as the Trade Licensing Ordinance is concerned seen in a cold and isolated context. Turning now to the intervention of the Hon Leader of the Opposition, Mr Speaker. He started his address by describing and, in fact, he returned to the same thing in the course of his address, by describing this Bill as the most shameful piece of legislation ever introduced in the House of Assembly. I cannot speak about what happened prior to 1972, Mr Speaker, because I wasn't here but I have no doubt in my mind that I have never done or been a party to anything shameful that has been introduced in this House of Assembly in all the years that I have been a Member since 1972 and I do not accept for one moment the Hon Member's description. Perhaps I could say that even more shameful was the motion that he introduced a very few months after the 1980 elections on the question of divorce because he had said nothing whatsoever about that in the 1980 election campaign, he had never taken any stand on the matter, unlike other people in Gibraltar, and yet a few months later he introduced a motion here in the House and on what became a free vote the legislation was amended but then, alright, the result of that because we are only dealing with divorce doesn't matter, here we are dealing with a different matter and therefore the action of the Government can be described as shameful and the Hon Member's action doesn't perhaps merit in his view that description. He said that over 5,000 people have signed the petition and if there had been more time many more would have signed but that it didn't matter because even if 25,000 signatures had been collected the Government would have taken no notice of them. If there are 25,000 people in Gibraltar who feel that strongly on this matter, who feel that what the Government is doing is wrong, I am sure that they would have come forward to sign the petition and if that is the position, if that is really what public opinion feels about it in Gibraltar, I do not think that the Government could go forward today and introduce the legislation before the House because there would probably be a demonstration of people clamouring outside trying to stop us from doing that. But the fact of the matter is that people have got mixed views about it and just as I accept that there may be hundreds of signatures from people who support the AACR, I am sure that there are also hundreds of signatures missing in that petition from people who would regard themselves as supporting the GSLP or for that matter the Democratic Party of British Gibraltar which may have even stronger views on the matter having regard to what some of the former leading lights have had to say in Gibraltar recently. If Sir Joshua had not taken the initiative that led to the Strasbourg and Paris meetings with Dr Owen, who is to say that the Foreign Ministers would probably not be meeting in Geneva in February over our heads? It has happened before, it happened during the 1960's, Harold Wilson was then Prime Minister and was affirming that there would be no talks under duress and there were talks held between Michael Stewart and Senor Castiella, and we were not there. Then later on there

was a process of thinking together, talking together, eating and drinking together, no doubt, between Sir Alec Douglas Home and Senor Lopez Bravo and the extent of consultation with the Government of Gibraltar then was much less than what it has been in the last four or five years. I remember seeing Sir Alec Douglas Home on one occasion in Gibraltar, I am not aware of how many meetings the then Chief Minister had in 1970 or 1971 or early 1972 when this process was under way. I don't think there were any meetings, certainly not in London, between the then Chief Minister and Sir Alec Douglas Home but that was the situation. They were discussing the future of Gibraltar over our heads because we were not represented. That is not the situation today and this is where I think the Government has got a different kind of responsibility and in arriving at a judgement has got to weigh certain factors, take certain factors into account which the Hon Members of the Opposition do not have to take into account. The Hon Member doesn't subscribe to a bipartisan approach, that is his privilege, he has held certain views consistently, he didn't subscribe to the bipartisan approach when he was the only Member of the GSLP on the benches opposite but because the Opposition are not in it they can afford to be totally critical of everything that is happening because they are not answerable ultimately to the electorate, you could say that they are not answerable. The Hon the Leader of the Opposition has been criticised recently in the press and Mr Xiberras has said that one of the reasons for revealing what he has revealed and no doubt we shall be discussing later on in this meeting of the House, one of his reasons for doing so was in order to pressurise the Hon Leader of the Opposition so that he would agree to the bipartisan approach and be present as part of the British delegation. Apparently, Mr Xiberras hasn't been very successful in that objective from what we have heard today. But when you are in Government the situation is different. When you are in Government the constitutional process insofar as foreign affairs is concerned is of a totally different nature, amongst other things because the Government subscribes and the Chief Minister has always done over the years, to the question of confidentiality. The Chief Minister has always maintained that it was important that responsible leaders in the exercise of their constitutional duties should subscribe to that view because if you are not going to maintain confidentiality then you are not going to be consulted. That doesn't mean that if you are consulted and proposals are put to you which are totally abhorrent that you are not going to reject them and that if there is a danger that your advice is not going to be accepted that you might not have to reach a stage when it is your duty to inform the people of Gibraltar as to what is happening. But you also have other duties and that is that if you consider that having regard to all the factors a certain deal is acceptable, you have a duty to put it to the electorate with all the consequences. If the supporters of the AACR feel that what we are doing is wrong, no doubt when the time comes for the next general election the result should be felt. That is a risk which any Government has

to take and the longer that you are in Government the longer the element of risk on that issue or on some other issue. But as I say, that is the difference between the responsibility on one side of the House and on the other side of the House and that is why I feel strongly having regard to those views, I reject strongly the assertion that this is the most shameful piece of legislation that has been introduced in the House. We are acting in consonance with our judgement, we are acting in consonance with our assessment of the situation and this is what we think should be done. The alternative, as I say, could be very much worse. The alternative could be that the Foreign Secretaries would go ahead over our heads, take no notice of the views of the representatives of the people of Gibraltar and we could be faced with a very serious constitutional situation, one in which the British Government might have to take over direct responsibility for the Government of Gibraltar and then all the progress that has been made in the last forty years would have been lost and Gibraltar could be faced with the kind of situation from a constitutional point of view only, with the kind of situation of, say, Northern Ireland. He made reference about my views about the nature of the Community and I am going to conclude on this point. My views don't change regardless of whether Spain accedes or doesn't accede or whether other countries accede in due course, whether the twelve become thirteen if Turkey joins or what have you but my views about the nature of the Community being a club for the big boys apply today, they are just as relevant today and they would be just as relevant in January, 1986, after accession by Portugal and Spain. The only difference is that instead of there being ten there will be twelve big boys and the root of our problems I think, they all go back to 1973 and I am not criticising for one moment today the then administration which greeted the accession of the United Kingdom, and with Great Britain, Gibraltar, with jubilation because the then administration saw this as a process of integrating

MR SPEAKER:

1972 not 1973.

HON A J CANEPA:

In 1972, I said 1973 because it came into effect in January, 1973, the legislation was introduced here in November, 1972, and in fact, the announcement about the fact that Gibraltar would be acceding with the United Kingdom as I recall it, it may have been made earlier in 1972 or indeed perhaps even in 1971, but they saw that as being conducive to the enactment of their policy of integration with Britain and they could not have the benefit of hindsight that we have today that three years later Franco would be dead and that Spain was within a very short period of time to make the successful transition which they appear to have made towards democracy and that is what has changed everything and we are in the

Community whether we like it or not and the dangers and the difficulties are there, we cannot run away from them and we have discussed in this House ad nauseam, I think, on more than one occasion already about the alternatives and the alternatives, again, are not easy. It is very easy to say from that side of the House: "Let us get out". Yes, a stage could be reached when the situation becomes intolerable but when you have got the responsibility for adopting that view, for arriving at that decision, you try to see whether there is, if possible, an alternative course of action. I have no doubt, Mr Speaker, that things are not going to be easy for Gibraltar, I said that before, I have been saying that consistently for many years. I said that the opening of the frontier is not a panacea for all our economic ills but I have no doubt that the present situation is not a tenable state of affairs and I have no doubt that the people of Gibraltar are entitled to and deserve a new era, a new climate which, perhaps, if the indications as we have seen them so far, notwithstanding the underlying problem about the Spanish claim, might give the people of Gibraltar an opportunity to compete fairly, an opportunity to develop their way of life in a more normal situation. What we are doing in this House is really only advancing by eleven months what we would have to do next year. If Spain does not accede to the Community then we will have to think again but I think the indications are that they are going to accede and that this big club which is now going to be bigger does pose problems for Gibraltar and that even when we go it together as we did to Brussels, it is not easy it is extremely difficult to change the inborn attitudes that there are in Brussels because to them Gibraltar is a bit of nuisance, I have no doubt, and what we have got to do is to continue to be vigilant and to continue, I think, to have and to win and to retain the support of the only country which whether we like it or not has given the people of Gibraltar any kind of support in the last two decades and the only country that has been prepared to allow conditions to develop in Gibraltar in a way that has led to the emancipation and the development of a people with a distinct identity and with a dignity of their own. Thank you, Mr Speaker.

The House recessed at 7.40 pm.

WEDNESDAY THE 16TH JANUARY, 1985

The House resumed at 10.40 am.

MR SPEAKER:

I will remind Members that we are on the Second Reading of the European Communities (Amendment) Ordinance, 1985.

HON MISS M I MONTEGRIFFO:

Mr Speaker, as regards Medical Services I would like to start off by saying that in this area it is particularly clear that we are already under strain and that the Opposition has been bringing this to the notice of the Government on a number of occasions. We have also, before the Agreement was announced, been putting questions as to how Government intended to cope with an open frontier situation and what the possible increase in the number of people having access to our medical services, including the effect on the medical services of an increase in tourism, was expected. What is now clear is that the Government is totally unprepared to deal with such an eventuality and although our objections are, in principle, to what this Bill stands for, there are major practical considerations why the Government's strategy should have been the very opposite with what it is in practice. What we should have been doing consistent with the policy that was accepted in the House in July, 1980, of studying how to protect Gibraltar against the effects of the enlargement of the EEC and the lifting of the restrictions should have been, in fact, to make maximum use of the ten months that are left prior to Spanish entry to make sure that we were ready to handle the situation when Spain lifted the restrictions because it had to then simply because it would be joining the EEC and to try to change our obligations under Community law in medical services and in other areas so that we were not faced with a mass burden. In practice, what they have done is the very opposite. They are exposing Gibraltar to a situation which will be very difficult to cope with and this is being done merely to obtain the lifting of the restrictions a few months earlier. This would have happened without us having to pass special legislation giving Spanish nationals rights in Gibraltar which they will not enjoy anywhere else in the EEC. What they are doing is creating a situation whereby a relationship between Spain and Gibraltar will be created which is unique in the Common Market because every obligation that we have got today under Community law is an obligation derived from British membership of the Common Market, not from Gibraltar membership. This is clearly illustrated by the reciprocal health agreement which we have with the United Kingdom. That agreement provides that UK citizens are entitled to medical treatment in Gibraltar because the UK provides special facilities for specialist treatment in UK for a fixed number of persons every year. The rest of the Common Market is entitled in Gibraltar to whatever they would be entitled in UK because for the rest of the Common Market we are part of the United Kingdom. What we are doing with Spain that is different is that Spanish nationals will have rights in Gibraltar which they do not have in the UK and they will be the only Europeans to enjoy rights in Gibraltar which are not derived from British membership of the Common Market and Spain will be the only nation in the Common Market which does not treat Gibraltar as part of the United Kingdom. So, Mr Speaker, in the very nature of the practical application of the Brussels Agreement, as reflected in this law, we are underscoring the nature of the Spanish claim over Gibraltar which places in doubt the validity of British sovereignty.

HON M K FEATHERSTONE:

Mr Speaker, the Hon Member who has just spoken seems to paint a picture under which it is to be assumed that all Spaniards in the neighbouring area and even as far away as Madrid and Bilbao are going to flood to Gibraltar to get medical services here. That, of course, is not the position. Spaniards resident in Spain will not be entitled to medical services in Gibraltar unless they are visiting Gibraltar and actually have an accident or are taken ill during that visit and as the situation is at the moment, if they are treated for an accident or for a sudden illness they can be charged for that treatment. Whether we continue charging would be the result of a bilateral agreement with Spain under which Gibraltarians would not be charged in Spain for similar facilities but we do not need to sign that bilateral agreement if we feel that we are opening a door far wider to the Spaniards coming in than to the Gibraltarians visiting Spain because of the numbers concerned. The British residents on the Costa del Sol likewise will not be able to have the benefit of Gibraltar's medical services free, they would be treated exactly the same as Spaniards if they came over and had an accident or were suddenly taken ill, they would be treated but would be charged for such treatment. A bona fide tourist from the European Community to the Costa del Sol who came to Gibraltar on a day visit and carried with him a form E111 and did have an accident or was taken ill, would necessarily have to be treated free of charge. That is one of our obligations under the EEC Community Agreement. But in the main we do not foresee a tremendous spate of tourists coming here tripping up or falling down the Rock and having accidents and being treated and therefore we feel that our present medical services will be able to cope with the small number that may occur. If the numbers tend to increase we would have to have another look at the situation but as the position is at the moment, as I say, we do not envisage a tremendous influx of medical treatment from Spain, etc. There is no obligation to treat malingerers, there is no obligation to treat people who are not seriously ill and there is no obligation to treat Spaniards who cross the border solely for the purpose of treatment. I think this should set the mind of the Hon Member somewhat more at ease. While talking on the Bill I will only mention one other point and that is the amendment to the Traffic Ordinance. This is a reasonably sensible amendment. The first part of it means that a Gibraltarian who goes to reside in Spain or anywhere else in the EEC will be able to drive on his own licence for the period of its validity or for the period of one year whichever is the lesser of the two periods. And the second part of it gives the right to a Spaniard or an EEC national to come to Gibraltar and to drive in Gibraltar on the strength of his valid licence in the same way as Gibraltarians can drive into Spain. That is, I think, a sensible amendment, one which is not going to do any tremendous upheaval at all and I think that it is highly commendable. Apart from that, Mr Speaker, I have nothing more to say on the major points of the Bill except that I find that they are eminently satisfactory, they are giving Gibraltar the opportunity to

improve its economic position ten months earlier than would have been the normal situation if Spain had joined the EEC in 1986 and I find that those ten months will be very worthy and very worthwhile. Thank you, Sir.

HON J L BALDACHINO:

Mr Speaker, what we are saying in the Bill is that whereas Clause 6 talks about extending the provisions of the laws of Gibraltar which apply currently to Members of the EEC so that they will apply to Spanish nationals after the lifting of the restrictions, in practice, Mr Speaker, it is the opposite that is happening. We see a number of laws having to be amended to give effect to EEC requirements which have been ignored by the Government until now. The clearest proof of this is that the Government is now recognising Greece as a Member of the Common Market four years after. In the case of housing, and as we have attempted to highlight in questions previously, Mr Speaker, the right to apply for public housing is not specifically mentioned but it is implicit in the general principles of the Bill as required by Article 9 of the Regulation of the Council 1612/68. Under this Article, Mr Speaker, and I quote what it says: "A worker who is a national of a Member State and who is employed in the territory of another Member State shall enjoy all the rights and benefits afforded to national workers in matters of housing, including ownership of the housing he needs. Such worker may, with the same right as nationals, put his name down on the housing lists in the region in which he is employed, where such lists exist, and he shall enjoy the resultant benefits and priorities. If his family has remained in the country whence he came, they shall be considered for this purpose as residing in such region, where national workers benefit from a similar presumption. And it even goes further in 1612/68, Mr Speaker, because if we look under the heading - 'The Council of the European Communities' - paragraph (5) states: "Whereas the right of freedom of movement, in order that it may be exercised in accordance with recognised standards of freedom and dignity, requires in fact and in law that equality of treatment shall be ensured in respect of all matters relating to the actual pursuit of activities as employed persons and to eligibility for housing, and also that obstacles to the mobility of workers shall be eliminated, in particular as regards the worker's right to be joined by his family and the conditions governing the integration of that family into the host country".

MR SPEAKER:

May I interrupt you at this stage, where are you quoting from?

HON J L BALDACHINO:

I said it, Mr Speaker, Regulation 1612/68.

MR SPEAKER:

I have no papers to be able to follow. Which page?

HON J L BALDACHINO:

Article 9 and page 2. And if I may also quote, Mr Speaker, at the very end of it, in Article 48, the last paragraph states: "This Regulation shall be binding in its entirety and directly applicable in all Member States". Mr Speaker, if I may quote what the Housing Allocation Scheme says and what the Hon and Learned Attorney-General has answered to Question No. 204 when I was asking him a question in relation to this, our Housing Allocation Scheme, revised 1980, Mr Speaker, says in Clause 3: "Eligibility and qualifications of persons for Government Housing - (a) The following categories of persons resident in Gibraltar are eligible for Government Housing:- (a) persons who have been registered in the Register of Gibraltarians; (b) persons who are not registered in the Register of Gibraltarians but who at the time of application have a right of permanent residence". It does not say, Mr Speaker, whether a person should have a permanent residence or not, it only mentions in 1612/68 that a person has the right once he is employed, to apply for a residence permit. Clause 3(b) states, Mr Speaker: "Subject to the provisions of (a) above, all applications for accommodation under this Scheme will only be accepted from residents in Gibraltar who reside in premises where a Tenancy Agreement, either in writing or implied exists. All other applications for accommodation made from hotels, caravans and non-permanent addresses will be assessed in accordance with the provisions contained in Appendix A", which is exactly the same because I think it has been amended to what it says in (a) and (b). Mr Speaker, the Attorney-General has quoted that that has not been in conflict with EEC Regulations. In Question No. 204 of 1984 where I asked the question: "Will the right of residence being granted to Spanish nationals under the Brussels Agreement qualify them for the right to apply for inclusion on the Government Housing Waiting List?" The answer I was given was: "No, Sir. The eligibility of persons for Government Housing is clearly set out in the Housing Allocation Scheme (Revised 1980)", which is in conflict to 1612 of the EEC Regulation, Mr Speaker, which is binding on us under Article 48, last paragraph. But it even goes further, Mr Speaker, because I was asking about Spanish nationals which might be true before their accession. I asked then, Mr Speaker, after that answer, in a supplementary question: "Will this also apply to EEC nationals already in Gibraltar?" The answer from the Hon and Learned Attorney-General was: "According to the Housing Allocation Scheme it is people who are entitled to Gibraltar status and people who have certificates of permanent residence" - which is not stated under that Regulation, Mr Speaker, and it is implicit because it even gives you the form that we should give them, it even states that a person can apply and cannot be denied residence so it is nothing about permanent residence, all it entails is for

a Community National once employed to go there and say: "I want to be classed as a resident of Gibraltar". Then I asked him, Mr Speaker, in another supplementary: "Isn't this contrary to EEC law?" And the Hon Member said: "No". I am not going to quote the whole thing because it is too long. The only thing is, Mr Speaker, that the Hon and Learned Chief Minister also intervened in this question and what he said is also incorrect because he said, after the Attorney-General had answered: "It is very difficult to get one" we were talking about getting a certificate of residence, - the Attorney-General answered: "It is very difficult to get one, it would be quite difficult for them to get one". And the Hon and Learned Chief Minister then intervened and said: "Not unless they are married to a local girl or something like that", which is contrary to what the EEC Regulation says, Mr Speaker, because what the EEC Regulation says is that if an EEC National comes to Gibraltar to work and he is married to somebody who is not an EEC National, the dependent of that person can come to Gibraltar and live with him and have the same rights, even if she or he for that matter, is not a Community National. We have had similar cases with Gibraltarians who have married non-British persons, Moroccans, and I think

HON CHIEF MINISTER:

Perhaps if the Hon Member will give way one moment, I do not want to interrupt him. The only point is it is not the alien who is entitled to housing, the entitlement is by virtue of the fact that the wife of the applicant is a Gibraltarian.

HON J L BALDACHINO:

Yes, Mr Speaker, I understand that but I am referring to a particular case so that we understand what the directives say. When a local Gibraltarian marries a Moroccan she would not remain in Gibraltar by right because she has to apply for residence to the Governor-in-Council, and by virtue of the fact that she is married to an EEC National - if that was the case - instead of being a Gibraltarian he had been an EEC National - by right she could have had the right of residence because she is married to a Gibraltarian. Mr Speaker it is quite clear that our Housing Allocation Scheme, irrespective of the Hon Attorney-General's answers to Question No. 204 or to any other answers he has given in relation to that, is in breach of EEC Regulations. If I may give advice to the Government, Mr Speaker, when they bring out to tender the Gasworks Project where I think one of the requirements will be that applicants should be in the Housing waiting list, that is also contrary to EEC law because EC law states that a person should be able to purchase a house according to his needs and if he is not able to be in the housing waiting list which is also contrary to EEC law, he won't be able to buy a house. I advise the Government that they should bring the Gasworks Project out before the 5th February otherwise that will most probably be challenged.

It is quite clear that the Housing Allocation Scheme is in breach of EEC Regulations and although Government is doing nothing to legislate in this Bill to put it right, the Housing Scheme will have to be altered in order to comply with the requirements of the European Communities Ordinance under Article 48, last paragraph, to comply with the requirements of the European Communities Ordinance and we are convinced that the first time that this is tested this will prove to be the case. This example in housing shows once again, Mr Speaker, how ill-prepared the Government is to face the problems that they are burdening Gibraltar with by the introduction of this Ordinance to which we are completely opposed. We, therefore, Mr Speaker, disassociate ourselves entirely from the stand of the Government in defending this as good for Gibraltar. The Government will also have to carry the sole responsibility and they will have to answer for the problems that will also arise on Housing, Medical Services and Education - which I haven't touched on, Mr Speaker - but which other Members of the Opposition have or will be stressing in this House.

HON ATTORNEY-GENERAL:

Mr Speaker, I think it is incumbent on me to reply to the Hon Member on the points of law.

MR SPEAKER:

This is a debate on the general principles of the Bill. You may have occasion to answer other legal points and you should refrain from speaking now because you only have the right to speak once to the motion.

HON DR R G VALARINO:

Sir, there will be a derogation of certain Articles of EC Regulation 1612/68 which relates to the free movement of labour, whereby nationals of the Kingdom of Spain will require work permits and be subject to the quota system in order to obtain employment in Gibraltar until the expiration of the transitional period of seven years from the date of accession. Spanish nationals establishing themselves in Gibraltar, or providing a service, will not require work permits nor will the drivers of goods vehicles or passenger coaches. Members of the family of a worker resident in Gibraltar would also be subject to transitional provisions with free access to employment only after three years residence in Gibraltar, reduced to eighteen months residence three years after Spanish accession. The following two rights will also apply to Spanish workers on an equal basis to EC nationals under advance implementation - The right to non-discrimination during employment on basis of nationality. Spanish nationals not to be treated differently from national workers by reason of their nationality in respect of conditions of employment and work. And Trade Union Rights - equality of treatment as regards membership rights, right to vote and eligibility for election to office in unions. Article 8 of EC Regulation No. 1612/68 provides that a worker

who is a national of a Member State and who is employed in the territory of another Member State shall enjoy equality of treatment as regards membership of trade unions and the exercise of rights attaching thereto including the right to vote and to be eligible for the administration or management posts of a trade union, he may be excluded from taking part in the management of bodies governed by public law and from holding an office governed by public law. Furthermore, he shall have the right of eligibility for workers' representative bodies in the undertaking. The provisions of this Article shall not affect laws or regulations in certain Member States which grant more extensive rights to workers coming from other Member States. Although there will be a transitional period in respect of those provisions of EC Regulation 1612/68 which relate to the free movement of labour, there will be no derogation in respect of certain other Articles, among which is Article 8. The provisions of this Article will therefore apply from the prescribed date of advance implementation. The European Communities (Amendment) Bill has the effect of applying Gibraltar's existing social security legislation to Spanish pensioners and workers from the prescribed date of advance implementation. The provisions of EC Regulation 1408/71 which relates to social security matters would not be applicable until the date of Spanish accession to the Community. The effect of this is that from the date of advanced implementation, all Spaniards employed or self-employed in Gibraltar would be entitled to the benefits payable under the Social Security legislation, ie the Social Insurance Ordinance, the Employment Injuries Insurance Ordinance and the Non-Contributory Social Insurance Benefit and Unemployment Insurance Ordinance, the Non-Contributory Social Insurance Benefit provisions have now been revoked. During the period of advanced implementation, Spanish pensioners would only be entitled to the payment of pensions at frozen, pre-1972, rates. Spaniards resident in Gibraltar with their families will be given the same rights as EEC Nationals in respect of Family Allowances, ie the qualifying period of residence would be six months instead of two years. During the period of advanced implementation Spanish Frontier workers will not be entitled to Family Allowances.

HON J BOSSANO:

Would the Hon Member give way? Could I ask the Hon Member where in the legislation it lays down that an EEC National has to have six months residence in Gibraltar to claim Family Allowances because in fact the Family Allowances Ordinance, as far as we can tell, makes a distinction between Gibraltarians who are said to be people in the Register of Gibraltarians under the Gibraltarian Status Ordinance and non-Gibraltarians. There are only two categories as far as we can tell so can he, in fact, refer us to where it provides special conditions for EEC Nationals?

HON DR R G VALARINO:

Mr Speaker, Sir, I haven't got the exact answer that the Hon Member requires but I am sure the Attorney-General will in his contribution answer the question that he has posed.

HON J BOSSANO:

Mr Speaker, if the Hon Member is saying that we are giving the rights to Spaniards resident in Gibraltar which currently is held by EEC Nationals, is he sure that that is the case or is it that he has to find out whether that is the case?

MR SPEAKER:

I think what the Hon Member is saying is that he is sure that that is the case and that the Hon and Learned Attorney-General in due course will give chapter and verse as to why.

HON DR R G VALARINO:

Thank you, Mr Speaker. The main effect of the application of EC Regulation 1408/71 on Spanish accession would be that pensioners would become entitled to current rates of pension benefits. The only effect which advance implementation will have in the Social Security field, will be that Spanish nationals residing in Gibraltar with their families will be placed on the same footing as other EEC Nationals in regard to Family Allowances. In the labour field therefore, the position throughout the whole of the seven year transitional period will not be very different from the present situation apart from the exceptions which I have mentioned, and the fact that in accordance with the terms of the Brussels Agreement, the Gibraltar Government will be favourably disposed towards Spanish nationals when granting work permits. The Government has, however, already stated that the interests of the present Moroccan workforce will be safeguarded and I repeat that those non-EEC nationals who become unemployed, will, during the six month period when they are entitled to collect unemployment benefit, be regarded as part of the regular labour force and have priority of employment over new applicants for work. Mr Speaker, Sir, on the general principles of the Bill I must state that Gibraltarians cannot ignore developments within the European Community. We can no longer have this artificial barrier which is distorting the natural development of our economy. Gibraltar must develop and both the passing of this Bill and the full and normal opening of the frontier will lead to this development, as it is now up to tourism and trade to take the opportunities offered for the benefit of the people of Gibraltar. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, the Hon Dr Valarino has just said that Gibraltar cannot ignore the development within the EEC and I will tell Dr Valarino and his Government that the Government cannot ignore EEC directives and that the Government, by introducing this Bill, is committing itself to granting rights and privileges to Spanish nationals which we can ill afford. This Bill is advancing these rights to Spanish nationals in exchange for the lifting of the restrictions ten months before by virtue of Spain's entry into the Common Market they would have had to be lifted anyway. We are told by the Hon Mr Canepa that this will allow us to compete fairly and develop in a more normal situation. We are then told by the Hon Mr Featherstone that this will improve Gibraltar's position ten months earlier. Then why is it that in 1980 we set up an EEC Committee from both sides of the House to look at the repercussions and why is it that we held the view that reciprocity between 25,000 and 35 million people was a disaster for Gibraltar and could not be sustained? Why is it that we have been defending that position all along and today we are saying the complete opposite, because it suits the Government to defend a different political situation? Is that the reason? It is clear, Mr Speaker, especially through the exposition of my Colleague Mr Baldachino on the question of Housing, that the Government have not quantified at all the effect that this Bill will have for Gibraltar. They are talking about improving our chances commercially whereas they are not talking about the harmful effect it can have on the private sector by lifting so suddenly barriers which have been there protecting certain areas which are supporting jobs and which are part of our economic base. They have not quantified either, Mr Speaker, what the effects on the revenue of the Government of these measures will be and it is clear that they have not thought it out. We are being presented with this Bill, Mr Speaker, because the Foreign and Commonwealth Office have told the Government that they have to accept the Brussels Agreement and the Hon and Learned Chief Minister came to this House and indeed was quoted in the House of Commons as saying that it was an honourable and a good Agreement for Gibraltar. But the Hon Mr Canepa yesterday indicated in relation to the fact that the Opposition might perhaps take a different attitude had it been in Government, that we might have ended up under direct rule if we had not accepted the Brussels Agreement. That is not an honourable Agreement and that is not a good thing for Gibraltar.

HON A J CANEPA:

I did not say we would end up with direct rule if we did not accept the Brussels Agreement. What I said was that if the Government of Gibraltar found itself in a situation of direct confrontation and conflict, and I was speaking generally, then that could result in a constitutional crisis with direct rule from London but I did not link it directly to the Brussels Agreement in the way the Hon Member has done.

HON J C PEREZ:

But it is my contention, Mr Speaker, that if the Gibraltar Government had not accepted the Brussels Agreement they would have found themselves in the situation which Mr Canepa described. In fact, Mr Canepa was talking in the context of the Bill that gives effect to the Brussels Agreement. He said that if we had not gone along with this we might have had the February meeting over our heads. Well, Mr Speaker, what then is the situation that we are facing, that either we become more and more dependent on Spain and negotiate sovereignty or we have a confrontation with the British Government and perhaps incur the problems of direct rule and everything else? I do not believe that this is the case. I do not believe this is the case because if Sir Geoffrey Howe in the House of Commons had not said that the Chief Minister of Gibraltar supported wholly the Brussels Agreement and that it was a good thing and an honourable thing for Gibraltar, the Agreement would not have had an easy passage in the Commons. If the people of Gibraltar were saying no to an agreement because they did not agree with it, I am sure that there would have been many people in the House of Commons defending the position of the people of Gibraltar. But the Chief Minister sought fit to say that it was a good thing. Mr Speaker, Mr Canepa also said yesterday that to an extent the Opposition was not as answerable ultimately to the people as the Government were. I would like to tell the Government that everybody in this House is ultimately answerable to the electorate and that the difference of being in Opposition is not only that we are not in Government but that in this House of Assembly we are not prepared to support the Government on a situation which we consider is against the interests of the people of Gibraltar and that that responsibility must be carried solely by the Government of Gibraltar and it is they who will have to face the electorate, whenever that time comes. It is they who should have told the electorate in the elections of January, 1984, that the Chief Minister and the AACR Government had changed its position on the question of granting EEC rights to Spanish nationals because the Chief Minister in the debate in the last meeting of the House said that since the 15th of September, 1983, he had told the Foreign and Commonwealth Office to explore the possibility that this should be implemented.

HON CHIEF MINISTER:

It is no use allowing people to misquote. I did not say anything of the kind. My statement is there.

MR SPEAKER:

I take it that you are saying it is no use you allowing. I don't know if he is misquoting or not.

HON CHIEF MINISTER:

First of all it was November and I did not approach the British Government, the British Government suggested the idea and I said that I would be prepared to allow it to be pursued. It is no use twisting things. The whole purpose of interventions in this House is to reflect honestly what people say and if you twist it all we shall have to continue to

HON J C PEREZ:

Mr Speaker, I am not twisting anything.

HON CHIEF MINISTER:

Please, I am standing up. So long as I hold the floor nobody else should stand and the same applies the other way. It is no use misquoting us and not expecting us to protest. This is proper fair debate and the Member must be assured of his facts before he states them.

MR SPEAKER:

My only reference has been to the word "allowing". I am not expected to be conversant with every single thing that is being said in this House but apart from that it is the right of the Member who is being misquoted to stand and say that he is being misquoted.

HON J C PEREZ:

Mr Speaker, I do not believe that I was misquoting the Hon Member, I might have made a mistake but instead of the Hon Member . . . No, I will not give way. No, I will not give way because the Hon and Learned Chief Minister when I did give way abused the privilege that I gave him. Mr Speaker, I said on the 15th December, it was on the 15th November that the British Government approached the Chief Minister, alright, but the Chief Minister acceded on behalf of the Gibraltar Government that that policy should be pursued and there was a general election in January, 1984, and if the Government had changed its mind why did they carry on within the EEC Committee seeking derogations when on the other hand they had already given the go ahead to the British Government to pursue a policy which was contrary to everything that they had said, which was contrary to any mandate that they had? They should have gone to the elections in January, 1984, and they should have told the people of Gibraltar: "We changed our minds, we think it is an honourable thing and a good thing for Gibraltar that we should grant Spanish nationals advanced rights". That is what the Government should have done because they have no mandate whatsoever to implement these policies especially since the Hon and Learned Member disclosed in the last debate that that had

occurred in November, 1983. Mr Speaker, we were told in the EEC Committee that everything was confidential, that we could not say what was happening there, trying to seek derogations for Gibraltar because we could ill afford to grant these privileges and these rights to Spanish nationals. And now we are told that by granting it to them ten months earlier it is going to be the salvation of Gibraltar, that we are going to be in a much better and competitive position. I do not believe that this is the case and I believe that Members of the Government know that this is not the case, Mr Speaker, and I think that what the Government is doing is defending the interests of the Foreign and Commonwealth Office in this House, Mr Speaker, instead of defending the interests of the people of Gibraltar who have elected them. If it had not been in the interests of the people of Gibraltar ultimately because we might not have succeeded in getting derogations to be in the Common Market, we should have perhaps left, and there is a precedent for that because, Mr Speaker, the fight for derogations was given up when Government signed the Brussels Agreement. The fight for derogations was given up there but if we had carried on, if we had pursued that policy and if we would have found that it was impossible to get anywhere along that road, if it is in the interests of the people of Gibraltar that Gibraltar should leave the Common Market, we should have pursued that road like Greenland being a dependent territory of Denmark did, after successful negotiations with the EEC and with Denmark. Mr Speaker, the only thing I am going to add is that this Bill is not a good thing for Gibraltar and an honourable situation. This Bill spells the total capitulation of the position of Gibraltar for the last twenty years and it is not only shameful, as my Hon Colleague the Leader of the Opposition has said, it is a disgrace that the same Government that has been defending that position for the last twenty years, that the same Member, the Hon and Learned the Chief Minister, who came from the United Nations getting support for that position which was the British position, should now come to this House after forty years and say the reverse and expect the people of Gibraltar and this Opposition and this House to swallow it. We will not swallow it, Mr Speaker. They will have the ultimate responsibility and they will have to face the electorate when the time comes.

HON CHIEF MINISTER:

Absolutely.

HON J B PEREZ:

Mr Speaker, it is gradually getting warmer in this House. I do not know whether it is the heaters or the amount of hot air which is emanating from certain sectors of the House. The present Bill before the House, the Second Reading which we are debating, is really a follow-up and emanates quite clearly from the two motions or from the main motion which was debated in the last House of Assembly which was proposed

by the Hon and Learned the Chief Minister. Not only did we debate the motion in full but the Hon Leader of the Opposition proposed an amendment to this motion and that was also debated. The end result was that the motion was carried and, therefore, as a result of that, the legislation is now being put to the House in furtherance to the motion adopted by this House of Assembly. Admittedly, the Opposition voted against but nevertheless that was the decision of the House and that is the way democracy works. The matter was debated fully but not only in the House but full opportunity has been given for discussion both on television, in the newspapers and during the Christmas period one would meet and one would go to many places and the main topic for discussion was really the Brussels Agreement so one cannot say that this has been rushed, that the matter has not been discussed not only by the House but by Gibraltarians as a whole. I must confess that I find that there have been two very extreme views on the Brussels Agreement. One particular quarter are those people who find that anything to do with Spain is repugnant. For example, those few people who I may say, Mr Speaker, have not yet gone over to Spain, those people who still will not eat any Spanish food products. That is one extreme of the spectrum. The other extreme, I would say, there are still some people who advocate autonomy with Spain, they talk about the Spanish flag, and you see those people now trying to come into the picture and say: "Well, perhaps, this is what we were saying before, we should have autonomy with Spain", but two distinct extreme views. But the bulk of the people, the majority of Gibraltarians, I think, the general view has been one of uncertainty. There are many people who have been saying: "We are not entirely happy but what does it mean, what legislation is the Government going to bring to the House, what laws in Gibraltar are going to be changed and who will I, Mr Smith, the average Gibraltarian, how will I be affected?" I think that has been the bulk of the Gibraltarian, that has been the reaction. Yes, I have looked to see how it will affect me, of course. Most important of all, what people have been looking to their elected representatives has been what protection am I going to receive following the granting of EEC rights to Spanish nationals? That comes both from the workers and from the business side. Both, I think, are very concerned and still are. This is why I regret to say, Mr Speaker, that we find the contribution of the Hon the Leader of the Opposition totally disappointing because he has not attempted in any way in his contribution last night to analyse the rights afforded under the Bill and the derogations and the protection that workers and business people will continue to have in Gibraltar. He has not attempted to do that at all in his contribution. All he said and perhaps the answer to that question which I am posing as to why didn't he do that which he has done on many occasions, he has analysed things, in fact he has taken a long time to analyse many matters, going into it in great depth, whether one agrees with his conclusions or not is another thing, but nevertheless the House has been afforded the opportunity of listening to his analysis. But he said: "I am not going to go into this matter in great

depth. I will talk on the principles because since I don't consider there are any merits I might as well not bother". He gets over the hurdle of trying to make a critical analysis of the legislation before the House by saying it is a shameful piece of legislation. That I think is the way he attempted to get over it. I think, Mr Speaker, that to proceed in that manner is a most unfair and a misleading approach by the Hon Leader of the Opposition. He has told us, he has told the Government that we are risking losing support from some of our members. I would tell Mr Bossano that OK, the GSLP got around 3,500 block votes but he got nearly 6,000. Those other voters, those people who voted for him which were personal votes amounting to quite a substantial number, are people who want him in the House because they feel he had something to contribute both in his analyses and in his criticisms of proposals or his involvement in affairs surrounding Gibraltar and he got many, many votes on that basis. I would tell him, as he told us, that he is also risking losing those votes from those people. Mr Speaker, let us examine the legislation before the House, the legislation which is seeking to grant EEC rights, subject to derogations, to Spanish nationals. It has already been said within the House that the granting of these rights is inevitable in any event by the end of this year, there can be no doubt about that, and the criticism we are being faced with is, why bring this forward by ten months? The answer has been that we are getting an open frontier and that a normal frontier will be good for Gibraltar. I think, Mr Speaker, we all have to consider this problem. If we had not advanced these rights now, if we had waited until the Spanish Government were forced by virtue of their entry into the EEC to open that frontier, how do we think that that frontier would have really been opened by the Spaniards? We have always said and we have always agreed that what is important for Gibraltar is not that the frontier opens but in which manner it opens, Mr Speaker. We have always said that. Does any Member honestly think that if the Spanish Government had been forced to open that frontier at the end of the year that we would be allowed to have the free movement of goods and allowing investments to come into Gibraltar and vice versa? I think the answer is clearly no, Mr Speaker. I am of the opinion that an open frontier will improve our economy. I think it will bring a breath of fresh air to Gibraltar, one can see already investments coming into Gibraltar. One can see people making queries about purchasing this and doing that. Tourism: we have been saying tourism is one of the pillars of our economy particularly more so following the Dockyard closure. But we must accept that with a closed frontier tourism will never get off the ground however many Committees, however much effort, however much money one can put into that. I do not think that tourism can really stand a chance but with an open frontier there can be no doubt that tourism will flourish provided the frontier opening allows tourists to come in, allows people to come into Gibraltar, allows them to purchase goods and to take goods back. Mr Speaker, as I say, I do not accept the pessimistic view which is held by some Members of the House. I think the message that must emanate from this House of Assembly is threefold. To the workers one must tell them that the seven year transitional period applies. It was

only a week ago that I was talking to a prominent member of Mr Bossano's GSLP and you know, Mr Speaker, that man didn't know about the seven year transitional period. That man said to me: "How come the Government passed this legislation when we are going to be flooded with Spanish workers coming into Gibraltar with the same rights as Gibraltarians?" That, unfortunately, is the position and I have to point the finger at the Leader of the Opposition because of the manner he has tackled it and I accept that politically it is a very nice stand to take because, of course, one realises that there are going to be problems. One would be stupid to say everything is going to be hunky dory. Mr Bossano obviously wants to say when the problems arise: "Ah, you see, I told you, I voted against it, it is the Government who is to blame. Any problem, whether it affects the business sector or whether it affects workers". That is the political stand that the Leader of the Opposition has taken but what I ask him to do is to at least inform the public of what we are really trying to do in advancing EEC rights. Inform the people what the derogations are. Inform the people of Gibraltar what protection there still is. And if one remembers in the last House, at question time, the answers we were giving in connection with these rights, when we were saying: "Ah, the Trade Licensing Ordinance is there. These other Ordinances exist to protect ourselves". What was the reaction of the Opposition? They were saying: "Ah, that is against EEC". Here you have the Opposition telling us on one side: "You have to protect Gibraltar otherwise it is going to be a catastrophe, we are going to go down the drain, we are going to be ruined, and you should protect Gibraltarians". When we say: "Yes, the protection is there", they do not accept that protection, they say it is against EEC. That, Mr Speaker, I am sorry to say is the reality of the situation, the reality of the stand taken by Mr Bossano. Let all Gibraltarians know that the seven year transitional period is there. Gibraltarian workers have nothing to worry about from Spanish workers in any event. Let us not forget the investment that would come which I say you can see already coming into Gibraltar. More jobs are going to become available. That is good for those who are unemployed. To the traders, what message should we give them? To the traders, they should know the Trade Licensing Ordinance is there, to protect them and that is not against EEC. We have the Imports and Exports Ordinance. Yesterday, in the House, the Hon and Gallant Major Dellipiani, in answer to a question stated that in order to import sand one requires a licence from the Director of Public Works. There are other Ordinances which I think are controlled by the Consumer Protection relating to the importation of price controlled products like milk, butter, sugar, which requires suppliers to maintain a certain stock. That law is there. That will protect the Gibraltarian trader so why are we so worried, Mr Speaker? The law is there, the protection is there. Another point that must be made clear is that here in Gibraltar we all tend to think that all Spanish businessmen will want to come into Gibraltar to trade. I think many Spanish businessmen are going to realise that the market in Gibraltar is very

limited, we are a small population. But let us not forget that businessmen in Gibraltar will be able to transact business in Spain, Gibraltar will be able to be used as an entrepot. That is clear, that advantage is there for the local businessman as well which I think people totally forget. We will be able to go into the whole of the Spanish market which is huge compared to little Gibraltar. Finance Centre activities, that will boom. It is booming now in anticipation of the granting of EEC rights. That creates jobs, that creates wealth for Gibraltar. Why are we not saying all these things? Why is the Opposition totally quiet as to the advantages that will undoubtedly accrue to Gibraltar? Why such a negative and pessimistic attitude? I think, Mr Speaker, that that must be the message that must come across from this House of Assembly which the Government has attempted by way of press releases, by way of contributions in this House, to put forward as best as it can what the Bill is all about, the protections that are there and what, in fact, we are giving. My last point, Mr Speaker, is directed at Mr Bossano and that is that based on the question of the bipartisan approach. Again, I think it is regrettable that Mr Bossano should not feel that he could be included, he wants to be left out. And again I would say to him that he is doing that purely on a political basis. In other words, if he is left out, if anything happens, if he gets any queries, any problems, he can always say: "Ah, I was not involved, it is the Government you have to turn to". Mr Speaker, that is all I wish to say.

HON M A FEETHAM:

Mr Speaker, having listened to the last speaker, obviously, we are not living in the same world at this precise moment, that is quite clear. He made a lot of emphasis on the fact that my Colleague the Leader of the Opposition has not made an analysis of the situation and that he has tried to make cheap politics out of this at this precise moment in time. Perhaps, it may be opportune, therefore, to make an analysis of what this Bill means today. As the Hon Member opposite, Mr Canepa, said it is a matter of judgement at the end of the day. But what does this Bill represent today for Gibraltar? That is what we have to decide and that is what the people of Gibraltar have to consider at the end of the day, whether it is a good or bad thing for Gibraltar. This Bill, Mr Speaker, did not start today. This Bill is the epitaph of what the Government set out not to do and is going to do today or tomorrow when they vote in favour of the Bill. This is what this Bill is all about, it is an epitaph against the Government's consistent policy of the last few years. It is contrary to everything that Mr Perez is in fact trying to put over. His message is that we should be saying the Trade Licence is a good thing because it has got protection, the Bill is a good thing because it has got protection for labour, the Bill is a good thing because it is going to allow development and that is the message that should go out to the people of Gibraltar. Well, the Bill is not a good thing,

Mr Speaker, because it has got to be considered in the overall political context of Gibraltar now and its future and that is why this Bill is a terribly bad Bill for Gibraltar's future. I shall explain why it is a bad Bill for Gibraltar's future. Isn't it a fact, and the position has not changed, that both sides of the House have been saying that Gibraltar could not aspire to creating a mini economy on similar lines to the Member States of the European Community, isn't that a fact? We have been saying that all along. The position has not changed because to compete or to attempt or to be put in a position of competing on equal terms with the economies of the European Community is to wipe out Gibraltar economically and politically. That is a fact and I have not even discussed the question of Spain yet. It was therefore of fundamental importance both economically and politically, and both sides of the House have been clear about this, that Gibraltar should seek protection, that Gibraltar's position should be looked at in the light of the poor negotiations which were done on our behalf in 1972 and in the light of experience since then. We have not yet got to the Spanish application for membership. We were experiencing problems and it is no good the Hon Mr Perez saying that it is a good thing for the Finance Centre and it is a good thing for this and it is a good thing for that because precisely every organisation that he has mentioned has made representations to Government and they have all said that they will be faced with problems unless Gibraltar sought a re-negotiation or unless Gibraltar gained certain protection. That is a fact. The fact is that when the EEC sub-Committee was set up, these things were discussed and these things were pursued. The fact is that the Government have consistently played lip service to the people who have been making representations, lip service to all the motions that have been coming to this House since then, and at the end of the day have made a complete farce of what this House stands for and in the corridors of power have been playing lip service to us and accepting the advice of the Foreign Office all along. What has happened is that we have never been able to move the British Government one iota in seeking protection for Gibraltar, because of its size, because of its basic requirements to sustain its own economy and from the basic requirements of having an opportunity of continuing the identity of the people of Gibraltar as we would like it in the future. History will show that this is the case. What has happened since, Mr Speaker? We were pursuing that sort of line being aware of Spain's application to enter the EEC and it became a matter of serious and urgent concern that unless we were able to change our terms of membership and nobody has mentioned, as a matter of policy, leaving the membership of the EEC, that unless we did so the situation was going to be more serious and that our position was going to be more vulnerable because regardless of the political implications, regardless of that, Gibraltar if its economy were going to be suspect in the face of competition and I am not going to quote or quantify that competition. I am not going to quantify that at this stage but it was clear that we were going to be vulnerable. And what has happened? Motions

have come to this House and we have sought at different levels to obtain the protection that we thought was necessary. With regard to the protection of labour did we not say that the concern of Gibraltar, on the one hand stemmed from the size of the territory and its limited and dwindling resources and on the other from the political relationship with Spain and from that country's continuing avowed objective of seeking the incorporation of Gibraltar and its people into the Spanish state. Did we not say that Gibraltar had traditionally always had to import labour and still has a sizeable immigrant labour force and that we were beginning to experience unemployment, and that we were apprehensive about the 30% unemployment on the other side. And even if Spain was not pursuing a territorial claim on Gibraltar, that we would still have qualms about being swamped by a large neighbour in relation to the labour market. And did we not say, Mr Speaker, that regardless of the seven-year transitional period it was still in our interest to have a controlling factor after the transitional period, that it was still in our interests to sustain a system of a quota, did we not say that? What has changed the position today? Life continues after seven years, does it not? We must not try to sell something as easily as the Government is trying to sell to the people of Gibraltar because if the Government were so convinced that it was such a good thing and such an honourable thing, and since the Government saw it fit to have a debate in the House and to participate in a television programme, if it was such a good thing why did not the Government go to an election and why did not the Government put it to the people for final acceptance because they did not have a mandate to pursue the policy that they have pursued. If it was such a good thing, if they were so confident that Joe Bossano was going to lose so many votes and if Joe Bossano is so confident that the Government were going to lose support on this, then let us find the truth, why didn't they put it to the people of Gibraltar? Fundamental changes are taking place here and we must not forget, Mr Speaker, that the process that we are today pursuing is a policy of harmonisation, it is a policy of economic integration because that is the philosophy of the European Community and unfortunately for us, for the people of Gibraltar, that harmonisation, that economic integration is putting us in, for lack of better words, is putting us in the hands of our next door neighbour who has got a claim and will do everything possible to integrate us quicker with them because it is the only way that they will be able to achieve a change in sovereignty. Our mission is not to put ourselves in a confrontation position with the British Government and the British Government saying: "Well, if you do not agree with it Sir Joshua go back to Gibraltar because I am going to do what I think is necessary". That would never happen because if I thought personally that that was going to happen, I not only as a Gibraltarian but a man who believes in British traditions and institutions and constitutions and in British democracy, would talk out of this House today and forget about politics and forget about defending the interests of the people of Gibraltar, if I thought that that was the way the British Government was going to treat the people of Gibraltar if we had a genuine case to put over and if we had a sound case to put over. I genuinely and

sincerely believe that we have a genuine case to put over and that we have lost the opportunity. Ironically, we have lost the opportunity which Spain presented by its membership application to open our membership for the European Community if we were convinced that those changes were necessary. The Finance Centre, despite the boom that the Hon Member says they are enjoying today, do not agree with you. Neither do we on this side agree with you that we are going to be able for evermore to put the EEC directives to one side and forget about them. That is what we feel the situation is going to be. Having looked at this Bill from the political side let us look at the secondary stage of this Bill. I have been around for about twenty years in different sections of public life, and this is the culmination of it, and I have still to accept how is it possible to make statements which are on public record one year before, two years before, and statements which are fundamental, and statements which are statements of principle, and then it is swept underneath the carpet and something else is said and everything else that has been said before is no longer valid. This is the secondary stage of this Bill because having accepted that we have lost out on the re-negotiation, there was nothing that could be done, certainly Gibraltar could never have prevented Spanish entry into the European Community, that is a fact of life, it would be wishful thinking to think so. What we were saying is that we need to re-negotiate during the process of Spanish entry. It is not a question that we would have opposed Spanish entry, Spain has got a right to be a Member of the European Community, Spain has got a right to join a democracy and as a democrat myself I defend Spanish entry into the European Community. But what are the secondary implications here? The Chief Minister said in December, 1980, in a motion which my Colleague brought: "This House considers Spanish nationals cannot be granted the same rights as EEC Nationals in Gibraltar prior to Spain attaining full membership of the EEC". During the debate on this motion Sir Joshua said: "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". This was in 1980, and I ask the Chief Minister; what has changed since 1980 that we should do the "prima del año" of giving something away for nothing because nothing is what we are getting other than the lifting of the restrictions and the restrictions would have been lifted in ten months time, Mr Speaker. Where is the integrity of the people of Gibraltar who have sustained twenty years, admittedly at least fourteen of them have been because of a fascist rule in Spain, who have sustained and have gone along with British Government policies, have gone along with accepting having faith in the Chief Minister, and all of a sudden are told that all of that goes to one side and because it is a good thing so as not to allow animosity to continue on the Spanish side, that all that should be forgotten and that we should give the Spaniards EEC rights ten months

before in order to lift the restrictions. Is there an economic argument, Mr Speaker, because the Government has not put one forward, to allow that to happen ten months before? Of course there is an economic argument. The Government has got economic problems, the Government is on the verge of bankruptcy but that is a Government problem, it is not a problem of Spain and it is not a problem of principle because if the Government has got economic problems they shall have to face the people on the economic problems. The thing is, Mr Speaker, that in return for the dignified stand which we have taken over twenty years the people have been slapped across the face and the Chief Minister is responsible for that. No matter how much propaganda, no matter how much we sell it, the principle of it, the fundamental principle of it, the indignity of it is that we have traded that in for advancement of EEC rights to Spaniards. That is what this Bill, in its secondary nature, is all about. The fundamental importance of the Bill was that after so many years knowing the problem we have not achieved one iota, one change from the terms of membership which have gone against us since 1972, Mr Speaker, the way this is now being sold to the people and I quote the statement by the Council of Ministers in response to the petition signed by over 5,000 signatories, in paragraph 7, it says: "The official talks held last week have confirmed, both in approach and in substance, the Chief Minister's statement in his New Year message two weeks' ago that he believed that there occurred in the highest councils of the Spanish Government, a fundamental reappraisal of the future relationship between Spain and Gibraltar and that the essence of the relationship would be, as stated in the Brussels Agreement, the promotion of cooperation on a mutually beneficial basis and a new attitude to the people of Gibraltar". Well, the official talks held last week are talks which no doubt were necessary because when you are going to implement legislation affecting cross frontier services, etc it is only correct that at that level there should be mutual discussions but it is this further part of the statement which I would like to concentrate a little bit on, this future relationship between Spain and Gibraltar and a new attitude on the part of Spaniards towards Gibraltar. If this were to mean to me that Spain in this change of attitude was going to pursue a policy of wooing the people of Gibraltar over and at the same time continue its main aim of incorporating Gibraltar into Spain, then as far as I am concerned, not because it goes against my fundamental beliefs that Gibraltar belongs to the Gibraltarians then, of course, as far as I am concerned it does not mean a new relationship at all. It is only natural that a fascist attitude should be so different to a democratic approach otherwise we are wasting our time. But if this new attitude on the part of the Spaniards means that the Spaniards are prepared to accept the rights of the people of Gibraltar to self-determination and if that has been said somewhere, which I am sure it hasn't, then I would say we may have a chance

to survive as a people. But until such time as the national interests of Spain and our interests as the people of Gibraltar and the right of Gibraltarians to Gibraltar is accepted by the Spanish Government, the right of the people of self-determination and the right to decide their future and they give up their definitive claim to Gibraltar, the definitive claim of incorporating Gibraltar into Spain and allowing us to live our way, then as far as this side of the House is concerned there has not been a change at top level on the part of Spain towards the people of Gibraltar, Mr Speaker.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I am quite relaxed on the general principles of the Bill even though I have been described before as a 'hawk' and now I might be described as a 'wet'. I was extremely disappointed on the 14th December, 1982, when the partial opening of the frontier was implemented by the Spanish Government, at the undignified rush to cross over into Spain, not only by people who had relations in Spain and they had the excuse, but by most of the Gibraltarians who are now getting so heated up about this. I wonder how many of those people who signed the petition have second homes in Spain. I think the Hon Mr Feetham mentioned the fact about statements being made by politicians a year ago or two years ago and now there have been fundamental changes. I do not think there have been any fundamental changes. All of us here, certainly in the history of this House everybody who has been elected to this House, has never asked for any kind of re-approachment with Spain. Anyone who has done that has never been elected so the future of Gibraltar is in the hands of the people of Gibraltar who will elect the next term again, and the next one and the next one. History has shown that anybody who has asked for any kind of deal where the sovereignty of Gibraltar is in dispute has not been elected so I am quite relaxed in that respect. I had intended to put blinkers on and try to ignore the fact that we have Spain just across the frontier but Spain exists it is over there. Whether we have gained a year or not, I think that gaining a year is very much in our favour. I think Gibraltar is suffering a lot economically, I think a lot of other factors have contributed to the economic situation of Gibraltar but I think the partial opening of the frontier has contributed even further to our economic problems. And even though, and this message is for the British Government, that because the frontier is open fully we are all going to become millionaires next year, I hope that they realise that this is not going to happen because I am quite convinced that even though we have gained a year, it will still take us two or three years before we can stand on our own two feet. That is something that I want as a Gibraltarian, I do not want help from Britain, I do not want help from anybody else but I certainly want help because of the situation that will arise through a

frontier opening and I hope the British Government takes note of that fact that her obligations are still there to sustain and support us. Politicians do change their minds, they change attitudes. A perfect example is that of our neighbour Felipe Gonzalez before he got into power and his attitude to NATO. But circumstances change and now he accepts NATO, even though with certain reservations. As far as I am concerned, Spain's contribution to NATO will be negligible because I think they will be even worse than the French, they will not be a very reliable ally within the NATO context. But if this is what the EEC and NATO think is necessary, so be it. Here is an instance of a man who was shouting against NATO and a referendum and all the rest of it and he has completely changed his mind. When one is in power one looks at things in a different way. I have said, Mr Speaker, that there is an advantage, and other Members have said it, in the advance implementation by one year before the forced implementation of the open frontier by Spain because of her membership of the EEC because during this transitional time the Parliaments of all the EEC countries have to agree to the entry of Spain and Portugal and in this period of time we still have time to gauge the way they open the frontier. I would urge the British Government that they should be the last to bring to their Parliament the question of allowing Spain into the EEC because during this time, this period that we have, we can gauge their behaviour and their attitude towards Gibraltar. I think that is something that should be borne in mind, the fact that the British Parliament should be the last one to give the OK to Spanish entry into the EEC. During this period of advance implementation we can gauge the attitude of Spain towards us. I really thought when we came to this House that all we were going to talk about was the question of sovereignty because that is the question that has bothered us all. Of course there will be problems with Spain in relation to labour and housing and education, of course there will be, I accept that, but I also accept the fact that if we are together we will be able to overcome all these problems, I really think so. I think that Gibraltar has the capacity to adapt to all situations. I think the Chief Minister has already said in this House that the question of negotiations were accepted with reservations and I know what those reservations are. The Chief Minister has made them public so I am quite relaxed about that because, certainly, I am not going to accept a change in sovereignty. And if there was any suspicion that there would be a change in sovereignty I would cross the floor and join you over there but I am quite relaxed about this, I really am. I think that the people of Gibraltar are being a bit emotive about this because I have been emotive in the past but I face the fact that this was something that was going to happen in a year's time and if we gain a year we can gauge the way they behave, we can see how they behave and we can tell the British Government: "Look, this is the way they are behaving, they are not behaving as a civilised European country". I would have liked to have gone into some of the general principles of the Bill but I really think that the people of Gibraltar are mostly concerned about sovereignty and I am quite relaxed about the issue of sovereignty.

HON R MOR:

Mr Speaker, if I may refer to the general principles of the Bill. In the first place, the Bill which is to make provision in connection with the inclusion of the Hellenic Republic four years ago, I think this is very much an obvious example of the Government moving expeditiously again. Going on to the Second Schedule which refers to the derogations, exceptions and modifications in relation to the Kingdom of Spain, I think, Mr Speaker, that there is a fundamental contradiction in the statement that EEC rights are being advanced to nationals of the Kingdom of Spain and to what we are being told in this House that will apply to nationals of the Kingdom of Spain. I think this raises the question of whether the Gibraltar law is in accord with that of the European Economic Community. I think, Mr Speaker, that in some cases, from what has transpired in this House, the answer to this question is no, that some of the laws are not following the EEC directive. I think in this respect, if I may refer to the family allowance, for instance, we are being told that our legislation says that there are two categories, a Gibraltarian and a non-Gibraltarian and that a non-Gibraltarian to qualify for family allowance has to be resident in Gibraltar for two years. Now we are being told in this Bill that a Spanish national has to be resident six months before he can claim his family allowance. Well, what is the situation as regards an EEC National? As regards pensions, again, there seems to be some controversy. In Question No. 18 we asked whether the Government could state which of the two conditions, ordinarily resident in Gibraltar or 104 weeks of insurance contributions since the 2nd July, 1970, as a requirement for the full rate of benefits is contrary to EEC legislation. The answer we were given, Mr Speaker, was that neither of the two conditions is contrary to EEC legislation inasmuch as they apply to nationals of all countries and are therefore not discriminatory. But we heard the Minister for Labour and Social Security saying not so long ago that with respect to Spaniards they would be paid pensions to what they were worth before 1969. If the Bill is saying that you are advancing EEC rights to nationals of the Kingdom of Spain, then I think this is absurd. I think, Mr Speaker, there is one point that has not been raised in this debate so far and this is as regards what authority does this House have to offer a foreign power EEC rights. Mr Speaker, if I may quote from an EEC document, the definition given to 'competent authority'

MR SPEAKER:

Which is the document you are going to quote?

HON R MOR:

The document is 1408/71 but I think the definition will probably be constant throughout all the document because it just makes reference to the competent authority of an EEC State. And it says: "A competent authority means in respect of each Member State, the Minister or other equivalent authority". Well, Mr Speaker, in our case the Member State is not Gibraltar, the Member State is the United Kingdom and I think it is then quite obvious that if any legislation has to be introduced to give advance rights to Spanish nationals then it has to be the United Kingdom and not this House. I think, Mr Speaker, what is happening is that we are being used. I think this House is being used, it is intended that we be manipulated, moved about like puppets, and in this respect neither myself nor other Members of this Opposition want anything to do with it.

HON G MASCARENHAS:

Mr Speaker, there is no doubt that in all the Hon Members' speeches there has been a certain amount of apprehension from both sides. If we were to have a sliding scale perhaps I could describe it from the opposite side we have 100 and from this side we have 10, but there is no doubt that we all share the anxiety to a certain extent. The fact remains that we shall be supporting the legislation in its entirety partly because I think that on this side we are a little bit more optimistic than the other side. I think the Hon the Leader of the Opposition tends to be a pessimist on many occasions when, as my Hon Friend Mr Brian Perez said, he could make a bigger contribution if he were to be a little more of an optimist on certain issues certainly on an issue of this magnitude. Most of the Hon Members on this side of the House have mentioned the fact that at the end of the day it is a matter of judgement, judgement which might be reflected in three years' time, in 1988, if there is an election in 1988, possibly before. Of one thing I am certain is that as far as the AACR is concerned we can almost be guaranteed that it will be in 1988, because we serve our terms. This will tell whether the judgement that we are exercising today will be correct or not. Gibraltar has to move forward, of that there is no doubt. The fact that the advance implementation will be eleven months earlier I think has been described by the Hon and Gallant Major very, very correctly, it will give us a period of adjustment, in seeing how the other side reacts to what we are doing. If at the end of the period the Government should feel justifiably that we have been taken for a ride, I think we would be justified in decrying the advance implementation. Gibraltar has to move forward, of that there is no doubt. In 1986 Spain will become a Member of the EEC and then whether we like it or not we would have to agree to EEC rights for Spain.

What are the alternatives? The alternatives are dangerous. Withdraw from the EEC? I have given this matter a lot of thought but, quite frankly, I have dismissed it totally and so have my Colleagues. There is no way in which Gibraltar would survive in a Europe of the 1980's which is moving forward at such a pace for integration of all its citizens. I have said before on many occasions that Gibraltar is extremely well suited to facing challenges perhaps because we are small. We are cohesive, others are not. I think that we have been afflicted by a paranoia here in Gibraltar for far too long and this is why I decry the attitude of the Opposition, particularly the Hon J C Perez when he becomes hysterical over it. There is no need to get hysterical, things can be thought out and the paranoia can be put aside and things can be done quietly. I remember a few weeks ago an incident that will take a long time to forget and that is the matter of the chestnuts when people became so paranoid because a Spaniard was selling chestnuts. The Hon Michael Feetham is not in the Chamber but if twenty taxi drivers were to come and fill those ranks down there, I think everybody would stand up and decry it. Mr Speaker, the other thing I wanted to say was that somebody stopped me in the street and accused us of selling down the river everything that we stood for and we have heard Hon Members saying that. My answer to that gentleman was very straightforward and very simple. Does that gentleman think that Members on this side of the House are Martians, are we not Gibraltarians? The Hon Leader of the Opposition said yesterday that we were all Gibraltarians at the end of the day and we feel as they feel. And when people in the street tell us that we are selling them down the river and they are creating that small barrier between them and us, I think it is unfair and unjust because I think we are just as Gibraltarian and the question of the right to our land is just as important to us as it is to the Members of the GSLP on the other side. The Hon and Gallant Major mentioned the matter of sovereignty. I am just as relaxed as he is on that issue and whatever happens in Geneva on the 5th and 6th February, I am sure that the people of Gibraltar will not have to sigh with relief because quite frankly I don't think that any developments will take place on that score. I was hoping that the Hon Robert Mor would mention something on the question of education. We has not and I am glad that he has not because there is nothing absolutely in the legislation being passed today which affects education and there is no anxiety as far as I am concerned because we are very amply covered and we will not have an influx of Spaniards wishing to take up residence in our Schools. The legislation is very clear, it is not against EEC legislation and we are amply covered in that respect. I am satisfied that anybody who is not resident physically in Gibraltar will be unable to attend our Schools.

HON J BOSSANO:

Is he saying that this will continue to be true after Spain becomes a member of the EEC or only in the interim period?

HON G MASCARENHAS:

Mr Speaker, I can categorically state that that will be the case in the future. Many nations, the big boys, as the Hon Adolfo Canepa refers to them, have not complied with EEC Regulations since they have become members and that is a fact of life. What does not suit us, does not suit us and that is a reality whether we like it or not. Mr Speaker, it might be described as a shameful piece of legislation by the Opposition but that, I think, is a pessimistic outlook. I tend to think of it as a very optimistic way forward for Gibraltar and I think we will not have cause to regret it in three years' time when we go to the electorate once again and I think that time will prove us right.

HON J E PILCHER:

Mr Speaker, I would like to, in my contribution, tackle different things and try and sum up the position of this side of the House. I would like to make a passing comment about one of the things said by the Hon and Learned Chief Minister in his contribution, where he was trying to tell this side of the House that apart from what we are offering Spanish nationals in Gibraltar we, the Gibraltarians, were also being offered reciprocal rights in Spain. I think, rightly so, from this side of the House, we were shaking our heads because really, Mr Speaker, this is of no consequence to this side of the House and I think it is of no consequence to anybody in Gibraltar. I take the Hon Major Dellipiani's statement that a lot of people want to go to Spain, either on holiday or just crossing over the frontier but I think, in essence, what we are discussing today is the rights that we are going to give Spanish nationals in Gibraltar, that is what we are discussing not the right of movement across the frontier but the rights that we are giving Spanish nationals in Gibraltar. Various statements have been made on both sides of the House that the EEC is a club for the big boys and whatever Spain gives us in Spain is nominal, it is of no importance. Every penny that we give Spanish nationals in Gibraltar is a notch in our economy, every peseta that the Gibraltarians get in Spain is a drop in the ocean because we can be absorbed, 25,000 people can be absorbed by the economy of Spain without any single problem whereas ten, twenty or thirty people in Gibraltar can make a dent in our economy. I would also like to refer, I think my Hon Colleague Mr J C Perez mentioned this question of the date of the 15th November, 1983, and I have got it right because I questioned the Hon and Learned Chief Minister in the last House when we were discussing the motion on

the Brussels Agreement, welcoming the Brussels Agreement, and when I told him that what he should have done in November, 1983, is make this public through the manifesto of his party, he said to me that he had his own way of testing public opinion, that he had ways and means of knowing what the people of Gibraltar felt and that he did not have to make things public. This is the gist of what he said but I will give way to the Hon Member if he wants to state exactly what he said.

HON CHIEF MINISTER:

I did not want to interrupt him. It was not in that context it was not in the context of testing, it was in the context of the process that started in November, 1983.

HON J E PILCHER:

Be that as it may, the Chief Minister said that he did not think that he should make it public because he had his way of testing this thing and yet we are presented at the start of this House of Assembly with a petition endorsed by 5,500 or so signatories and the petition is laid on the table with the AACR abstaining from the vote. The AACR abstained not from discussing the motion but abstained from having the motion read in the House. I do not know what the idea is behind abstaining, perhaps it is another of this ostrich tactic, if you abstain you put your head in the sand and think that just because you have abstained the petition is not there, something which the Government accuse us of many a time. I will not go into the petition because it has already been read but I think it says two very important things: "We as people with rights to our territory cannot accept that Spain should have any say over any issue concerning Gibraltar". I will tackle the sovereignty issue which the Hon and Gallant Major Dellipiani said we had not discussed because in answer to this petition the Government of Gibraltar issued a statement by the Council of Ministers reiterating that they did accept the Brussels Agreement with a reservation but the statement in the petition: "We as people with rights to our territory cannot accept that Spain should have any say over any issue concerning Gibraltar", is not an acceptance with reservations of the Agreement, it is a tantamount denial of the discussion of sovereignty. In the second paragraph of this petition, it says: "We submit that to give preferential treatment to Spanish nationals by the advance implementation of EEC rights would be a negation of the sentiments expressed above and undermine the rights of Gibraltarians in Gibraltar and its future sovereignty". These are not the words of the Hon Leader of the Opposition, these are not the words of the Opposition, this petition which collected 5,500 signatures, although the Hon Leader of the Opposition, who the petition was presented to, says that perhaps it might have been possible to get more signatures, this petition did not have behind it the muscle

of any political power. It wasn't Joe Bossano collecting signatures, it wasn't Joe Pilcher, it wasn't Members of the DPBG, it wasn't like, for example, other petitions, it was children collecting 5,000 signatures. Children collected the signatures, the youth of Gibraltar. In answer to this paragraph the statement by the Council of Ministers said: "We cannot agree with the second paragraph of the petition. Spanish nationals will in any case enjoy European Community rights from the moment Spain enters the Community probably in less than a year's time". And this is where I refer to the Brussels Agreement. And it says: "The necessary legislative proposals to achieve this will be introduced in Spain and in Gibraltar". And this word "introduced" is the word that should have been put in inverted commas which is the normal practice of the Government benches now because this word "introduced" means introduce and pass and I have to agree with the Hon Leader of the Opposition that irrespective of how many people have signed the petition the outcome would be exactly the same. There is no way that the Government of Gibraltar could vote against the legislation which gives Spanish nationals the same rights as EEC nationals in Gibraltar, with certain derogations. But this is, Mr Speaker, what is behind the sometimes aggressive opposition behind the advance implementation of rights because it is really this, the advance implementation, which will lead, I mean, if we read the legislation we will see that the derogations are only effective until Spain joins the EEC and this is why the Opposition are so opposed to the advance implementation of EEC rights because the advance implementation of EEC rights leads to those EEC rights. This is the real importance behind the opposition that we have EEC directives in front of us. Some are dated, for example, June, 1971; March, 1972, and I think there is one in 1968. I have only seen these regulations and directives for a week and in that week of studying these regulations we have seen what my Hon Colleague Mr Baldachino has said about the dangers affecting the housing list. We talk about the fact that only the people resident in Gibraltar can apply for a house, this goes by the window. The fact that in the same allocation list we have a pointage system that gives preferential treatment to Gibraltarians, it has got Gibraltarian status 100 points, that cannot be maintained so you will put Spanish nationals on the same footing as Gibraltarians. Perhaps not now, but certainly in ten months and this is the real opposition. Since July, 1980, we in the GSLP, and I say we in the GSLP and not we in the Opposition because in July, 1980, there was only one person in Opposition, but since July, 1980, we have been telling the Government that we had to look closely at these regulations and seek the areas where we would be affected in Gibraltar and that we should be taking certain steps to be able to get derogations and certain privileges for Gibraltar because of our size. We have not done this and I disagree slightly with my Hon Colleague J C Perez when he said that the Government gave up the fight when they signed the Brussels Agreement, the Government gave up the

fight before but, officially, they gave up the fight when they signed the Brussels Agreement because I think it is a farce to say what the Hon Mr Mascarenhas has said, that we will test what the reaction of Spain is and then if we see that the reaction is not what it should be, then we will withdraw it. Who is he trying to kid? When are we going to withdraw it, to be implemented today and withdraw it in three months' time? And, anyhow, by the time that we have seen whether they mean what they say or not, the ten months will have elapsed and we will be in a position where we have to give them full EEC rights, not by virtue of bilateral agreements but by virtue of the fact that we are a member of the EEC and they are a member of the EEC. On education the Hon Mr Mascarenhas says that in the future they can maintain their residence clause in education and, perhaps, even in medical services. But does not Mr Mascarenhas know that the definition of the EEC as regards residence is not residence in the Member State, it is residence in the Community irrespective of whether it is Gibraltar, Spain, England, Germany or whatever it is? That is the definition of residence. The Hon Mr Canepa was right when he was referring to one of our laws, that it had been put under a microscope and that they had found that they would have to change slight areas of the law because when they had checked them under a microscope what we had to give the EEC, then they had found that we had to change our laws. This will be exactly what happens to all our laws, to our Employment Injuries Ordinance, to our Social Insurance Ordinance, to our Medical and Health Ordinance, to our Group Practice Medical Scheme Ordinance. All these laws will come under a microscope and we will find that by the end of the year we will have to apply 1408/79 to all those Ordinances and Spanish nationals will be entitled to housing, to medical services, to education and to everything. This is the way we see it and we have only had a week to study this. What is the real reason behind the Government's acceptance of the Brussels Agreement? I think, again, it is found in their own statement: "We cannot agree with the second paragraph of the petition as Spanish nationals will in any case enjoy European Community rights from the moment Spain enters the Community". That is the real reason, the real reason is that it is much easier to accede to something than to fight it. We have eleven months to fight it. We have eleven months to try and get derogations. We only have eleven months because we have had four years and we have done nothing about it. It is exactly the same argument as was put by the Gibraltar Government on Gibraltar Shiprepair, on Appledore, it is a defeatist attitude. It is an attitude reflected by the Hon Mr Canepa who said that to oppose these things could create constitutional changes. I know my Hon Colleague J C Perez has already mentioned this but I thought to myself, is this what the AACR consider the future Chief Minister of Gibraltar, the Hon Mr Canepa telling us that if we threaten the United Kingdom Government they might stop the Constitution and we might have direct rule from the United Kingdom. If that is the policy, if that is the policy

MR SPEAKER:

Order. He clarified what he had in fact said when Mr Perez misquoted him.

HON J E PILCHER:

I am sorry, Mr Speaker. I might have misunderstood that but certainly that is the gist that I got when we were referring to constitutional change. But, anyhow, it does not vary or alter the question that the position accepted by the Government is a defeatist one, one where it is easier to accede than to fight. I think this is the history of the AACR, the history of the governing party, where every time we are at a crossroad of Gibraltar's future they take the easy way out, the way of not confronting the British Government and I think, personally, although I know that perhaps they do not, it is a matter of judgement, I think compromise Gibraltar's future by doing so. If I may again refer to the petition because I think that the petitioners have really hit the nail on the head when they say that the advance implementation of EEC rights would be a negation of the sentiments expressed above which are the sentiments that as a people we have rights to our territory and cannot accept that Spain should have any say over any issue concerning Gibraltar. I think they have hit the nail on the head because I think one of my Hon Colleagues said this, I think it was the Hon Leader of the Opposition, by advance implementation of EEC rights what we are doing is entering into a bilateral agreement with Spain which at the moment we only have with the United Kingdom. If we have this bilateral agreement with the United Kingdom, it is because of the special status, because of the special link that there has always been between us and the United Kingdom. By giving that same bilateral agreement to Spain, we are to a point giving the same kind of status, the same kind of link to the Government of Spain. I think this is why, on a matter of principle, we cannot agree not only to the Brussels Agreement but any legislation which gives Spanish nationals advancement of EEC rights. I think various contributors opposite asked us to go into and analyse the legislation that was in front of us. I think I have already stated why it is not important because the legislation that we are passing in an interim period is not what is important. What is important is what we are going to have to give them once the interim period is through. And, officially, the moment we signed the Brussels Agreement the Gibraltar Government gave up the fight. There is no way that we can go back to Brussels and tell the Commission that we want special derogations because they would laugh us out of Brussels. We are giving Spanish nationals advancement of those rights. How could we go back and argue that we should not give them any rights at all? Another contributor from the Government benches talked about, I think he was referring that Gibraltar would not be flooded with Spanish nationals queuing up at the

Health Centre. I would like to inform the Hon Member that they do not have to queue up at the Health Centre, I have just been approached by a woman who went to make an appointment today and was referred to Monday, the appointment has been made on Monday because of the limited resources of the Centre. We do not have to have Gibraltar flooded with Spanish nationals, all we need is perhaps another thirty or forty Spanish nationals but the point I am trying to make is not that, the point I am trying to make is that a bona fide tourist with an E111 form can get medical treatment at the Health Centre for an accident or because he suddenly falls ill and what is the definition of suddenly falling ill? Are the authorities in the Health Centre going to turn back Spanish nationals who suddenly are feverish or who suddenly feel a stomach pain? Once they come into Gibraltar they are visitors. People from Madrid might not come to Gibraltar to go to the Health Centre but certainly people in the adjoining area will come to Gibraltar for free medical services. The point made by the Hon Dr Valarino on trade unions: I refer to Question No. 199 of 1984. The Hon Joe Bossano asking a supplementary on the initial question said: "So that means that seven Spanish nationals will be able to form a union in Gibraltar which they can call UGT or whatever they like if they wish?"

"According to Gibraltar law unless there is any amendment to that law, it is Section 16 of the Trade Union and Trade Disputes Ordinance, that would apply, yes. This is establishing a union under EEC rights, this is part of the law of Gibraltar and anybody who complies with the law of Gibraltar gets all the rights that the law of Gibraltar gives them". The dangers when we give Spanish nationals advance rights is a danger that we have never had in Gibraltar, a danger that we have always avoided by the use of the word 'alien' in our laws. This means, Mr Speaker, that after the 5th February Spanish nationals can register a trade union in Gibraltar and can by virtue of that slowly build up a membership and slowly get negotiating rights, perhaps not in the public sector because the public sector is a very strong body and it would certainly be difficult but in areas of the private sector we could have a situation where in a year's time we would have Spanish unions with negotiating rights and those Spanish unions would certainly be looking after the interest of the Moroccan workforce and certainly looking after the interests of the Gibraltarians, most certainly they would. Mr Speaker, the legislation and the things that go by the legislation are not all that they are painted up to be by the governing party. I would like to refer also to a statement made by the Hon Brian Perez when he said - and I think it has been tackled by my Hon Colleague - that if we had not given Spain advance EEC rights can we imagine how they would have opened that frontier in eleven months' time and how does that statement made by the Hon J B Perez, how does that statement link up with paragraph 7 of the statement by the Council of Ministers which says: "It is believed that there has occurred in the highest Council of Spanish Government a fundamental reappraisal of the

future relationship between Spain and Gibraltar and that the essence of that relationship would be as stated in the Brussels Agreement, the promotion of cooperation on a mutually beneficial basis and a new attitude towards the people of Gibraltar". How does that conform with what the Hon Brian Perez was saying that if we had not given them advance implementation of EEC rights, God knows what they would have done at the frontier in eleven months' time. The fact is that this is only true because we have given them advance EEC rights and that is only true because we have agreed to talk on sovereignty and that is only true because we are discussing this legislation under duress. That is why that statement is true, that is why the Spanish Government is suddenly so prepared to open their arms to us and that is the only reason. The Hon Brian Perez spoke to the Opposition benches that we should inform the people of the legislation, inform the people. Is he talking from the Government benches, a Government who have had Gibraltar in the dark for the past four years on everything; on electricity reports, on the EEC report, on EEC directives and they want us to inform the people? Why doesn't the Government inform the public of what is going on behind the scenes and perhaps then we can have an outright and honest discussion in this House but certainly not before then.

HON CHIEF MINISTER:

Mr Speaker, in the absence of Mr Perez. He wasn't saying that, what he was saying was that the Opposition was not telling the people the truth regarding the question of labour and the seven-year transition and the other matters which protected labour. He wasn't saying that you should do the work for us at all, we don't expect that and we wouldn't like it either.

HON J E PILCHER:

We are not telling them their version, what we are telling them is our version. I am glad that the Hon and Learned Chief Minister has made this contribution because he has just made me remember a point which I missed and that is, it is true and perhaps the Hon Mr Perez will tell me who is a prominent member of the GSLP who didn't know about the seven-year transitional period because we have been discussing this in the executive for the past two years so perhaps he should let me know who he is. We know that there is a transitional period for labour, of course we know, it is there because we fought for it because it is the only thing that the Gibraltar Government were prepared to fight for, the rights of a transitional period for labour but what the Hon Mr Brian Perez did not tell the public is that this transitional period will not apply to self-employed persons and will not apply to cross frontier services and that is very, very dangerous. Self-employed persons, people can come to Gibraltar and work in a self-

employed basis on carpentry, decorating, joinery, painting, plumbing, woodwork as far as that is not undertaken in the contract of a Building contractor because it is one of the derogations. This is something that has not been told, how do you control self-employed people? How is the Government going to control self-employed people? Are they going to have 300 inspectors at the frontier following people all the day because they won't have to pay stamps here, they won't have to pay income tax here, that is something that the Government should be telling the people of Gibraltar. The Government want us to have this bipartisan approach to the Brussels Agreement but I think I said this last time, we are analytical in the way that we look at things and when we come up with our thoughts they are not the same thoughts as those that come up in the Government benches. As far as we are concerned what is going to happen in Gibraltar is that our laws are going to be challenged and when they are challenged we will find that our laws are against the EEC and we are going to have to change them and that will happen in this next ten months, perhaps we will find that in some cases we might have to change the laws before Spain enters the EEC and once we do that because we are giving Spanish nationals advance implementation because this is Part II of the Bill: "As from the appointed day the European Communities Ordinance, 1972 and any other provision...", well, I am not going to read it all but it gives the same: "...apply in the like manner to the Kingdom of Spain, to the nationals of the Kingdom of Spain and to a company incorporated under the laws of the Kingdom of Spain". Once we change our laws even before their accession we might have to give them certain rights inside Gibraltar that we didn't think we would have to give to them.

MR SPEAKER:

May I ask whether your contribution is going to last much longer?

HON J E PILCHER:

No, Mr Speaker, I would say about five or maybe another ten minutes at the most. The Hon Mr Brian Perez spoke about the protection on trade in the Trade Licensing Ordinance. It is something that we have also discussed but we do not come up with the same conclusions as the Hon Brian Perez. We honestly think that our Trade Licensing Ordinance when challenged will not stand up in Court because they are against the free movement and free competition of trade as implicit in the EEC. This is the way we see it. I think I have gone over most of the things in the legislation and as you can see we come up with completely different conclusions than that of the governing party. How are we supposed to tackle that? We are supposed to tackle that in the way that we are tackling it. We are

completely opposing the legislation because it stems from the Brussels Agreement which stems from the Lisbon Agreement and it is not just a question of saying no for the sake of no, it is a question of saying no because when we have analysed it we have come up with a different conclusion and this is why we oppose the legislation but what is even worse is that when we oppose the legislation we are to a point making a bit of a farce of the democracy which we pride ourselves in Gibraltar and I think the Hon Michael Feetham made this point and the point is that irrespective of the points that we are making, of the validity of the points that we are making, the Gibraltar Government is going to pass this legislation because of the Brussels Agreement, because of the fact that they have to pass the Brussels Agreement because there is an agreement between Britain and Spain on the matter and irrespective of our arguments, irrespective of whether instead of the shaking of the heads opposite there would have been nodding of the heads, it would have been the same and when the time came the legislation would be passed. I do not think I have left anything out. Just one final point, Mr Speaker, and that is a point that I have been answering in the street when I was stopped by the public. Up to a point I understood the sentiments expressed by the public but I certainly do not understand the sentiments expressed by the Hon Brian Perez when he said that he would like to see Joe Bossano in Brussels. I can understand this from GSLP supporters who want Joe Bossano in Brussels or in Geneva or wherever it is because they have faith in our leader and they have faith that he will be there representing them but coming from the Hon and Learned Brian Perez, I ask myself why does the Hon Member want Joe Bosano there? Is it to use his analytical mind? Does he not trust his own Chief Minister and Deputy Chief Minister? Does he want a check on Sir Joshua, is that why he wants Joe Bossano there? Again, that must not be the answer.

HON CHIEF MINISTER:

You know that that is not so.

HON J E PILCHER:

Right, but this is what I am asking myself. Is he afraid that Joe Bossano might lose all those votes that Brian Perez is saying, is that why they want Joe Bossano there? So why do the AACR, as voiced by the Hon and Learned Brian Perez, want Joe Bossano there? The reality is that they would like to see the GSLP doing what the DPBG did, accepting a bipartisan approach and the message is that there can never be a bipartisan approach and it is a message not only to the governing party but to the whole of Gibraltar. There cannot be a bipartisan approach. A bipartisan approach means that both parties are in agreement and we are in total disagreement with the Brussels Agreement and in total disagreement with the Lisbon Agreement.

HON CHIEF MINISTER:

If the Hon Member will give way one moment. Of course we know that. I said in my reply to the previous debate when I was saying that I had means of finding out public opinion, I said I did not have to look for the reaction of Members opposite, I knew more or less what they felt and I made no secret that they were against the Lisbon Agreement. We are realists about that.

HON J E PILCHER:

As I was saying, we are against the bipartisan approach because we are against what this signifies, what the legislation signifies, what the Brussels Agreement signifies and what the talks in Geneva on the 5th February will signify, a confirmation of the Brussels Agreement, an advancement of EEC rights and the fact that sovereignty will be on the discussion table and there can never be a bipartisan approach on that. On a final point, Mr Speaker, the Hon Mr Canepa said that the people of Gibraltar had mixed views on this Agreement and I agree with him entirely but they have mixed views because they do not have leadership that is why they have mixed views, because this side of the House says one thing and that side of the House says another, that is why they have mixed ideas not because they don't have fears, not because they welcome the Agreement, not because they are satisfied or relaxed as the Hon and Gallant Major Dellipiani seems to be and the Hon Mr Mascarenhas. I don't think anybody in Gibraltar is relaxed, I think everybody in Gibraltar is apprehensive. The mixed views are the result of two different messages, one issued by this side of the House and one issued by that side of the House and moreover I would like to tell the Hon Mr Canepa when he said that if there were 2,000 people out there in the lobby of the House of Assembly, that would change matters. If there were 2,000 members in the lobby of the House of Assembly what the Government would do is what the Government did when the Gibraltar Shiprepair Ordinance was discussed or when they were discussing the closure of the Naval Dockyard. They would have said that those 2,000 people were out there to intimidate the House of Assembly and that they would not proceed with the House of Assembly under intimidation. That is what would have happened if we had 5,000 people or 2,000 people down in the lobby of the House of Assembly and that is the reality of the situation, Mr Speaker. Thank you.

MR SPEAKER:

I think we will now recess for lunch until 3.15 pm.

The House recessed at 1.05 pm.

The House resumed at 3.30 pm.

MR SPEAKER:

I will remind the House that we are still on the Second Reading of the European Communities (Amendment) Ordinance, 1985, and as far as I can recall the Hon Mr Zammitt and of course, the Financial and Development Secretary if he so wishes and the Attorney-General can speak to the motion.

HON H J ZAMMITT:

Mr Speaker, the attitude of the Opposition Members has in no way surprised the Government and one questions the logic behind that and one questions very strongly the reasoning behind their arguments particularly when one weighs up all the arguments that have been put by the other side and hearing from each individual Member different points of view and not a cohesive front to the situation. It is alarming because one is told by Members opposite that they have been looking at the consequences of the Brussels Agreement or previously the Lisbon Agreement over a number of years and it is when one points out or one is able to detect the differing views by Members opposite that one sees that they certainly have not done their homework as well as one would have expected on this very vital issue. Mr Speaker, the Hon the Leader of the Opposition Mr Joe Bossano yesterday commenced by saying that we did not have a mandate. I think, Mr Speaker, that if ever a mandate was given it was certainly given at the last elections to the AACR Government. I came eighth in the AACR and still had 500 votes more than the number two of the GSLP so I think the AACR has a mandate to govern Gibraltar. And whether there is a Brussels Agreement, a Lisbon Agreement, the raising of income tax or the lowering of taxes, we have an overwhelming mandate to govern Gibraltar and that is exactly the mandate that the people of Gibraltar gave. And if one cares to look at the manifesto of the AACR, it will be noted that the very first matter that we drew people's attention to was in fact the Spanish question. I think that the AACR was not returned to power purely on the Dockyard issue but very much indeed because of the consistency of the Leader of the AACR, Sir Joshua Hassan, and the AACR policy vis-a-vis the Spanish question. Mr Speaker, it is odd that Mr Bossano should ask the Government to vote against and he gave no explanation whatsoever that if we were to vote against, then what? When one hears the Hon Mr Juan Carlos Perez saying that we could opt out of the Common Market, I don't know if the Hon Mr Bossano had that in mind when he said "vote against". Other Members on the other side have said that it is premature that we should be implementing this in December. That is a matter of judgement. On that issue I would agree it is a matter of judgement, as most cases are, particularly in politics, that most instances and most decisions are purely a matter of judgement and nobody has been born yet that can forecast the future with total clarity. Every issue that is discussed is of course a matter of judgement and one could be proved right or be

proved wrong but I think it is very comfortable for the Opposition to constantly take this sitting on the fence attitude without accepting any responsibility, not just in this issue but in every other issue since they have been Members of this House nearly a year old to the day. One sees them voting against the money for tourism, they have no faith in tourism, they were constantly against the Shiprepair. Everything we have brought to the House they have been extremely negative about it. I would have liked Mr Bossano to have said: "I would ask Members opposite to vote against and do this". But no, we vote against, then what do we do, Mr Speaker? Have the Hon Members opposite walked down Main Street and spoken to shopowners? I have, Mr Speaker. I know of one particular individual, Mr Speaker, who has asked the bank to hold fast until the 15th February, ten days after the opening. The man must have high hopes. Since the Lisbon Agreement and the 1982 Falklands situation when the frontier did not open, an awful lot of traders embarked on tremendous overdraft hoping that there would be normalisation at the frontier and they would be able to uplift their trade and those people are still suffering the consequences. I think those people in particular would very much welcome the anticipated ten months, whatever, they would appreciate it tremendously because they have gone through very difficult times. If one accepts Mr Juan Carlos Perez's attitude of opting out of the Common Market, we have to consider things very seriously and I do not think they have. We would then be out of the Common Market and Spain would be in the Common Market. Spain would not be obliged to open the frontier if we were not Community nationals. Then what, Mr Speaker? How are we expected to survive? On tourism? This is too serious a matter, Mr Speaker, to take that kind of attitude. How does the Opposition think that we can survive with a closed frontier and let me say, Mr Speaker, that the Chief Minister had the political courage on more than one occasion to remind the people of Gibraltar about this indecent haste of crossing over the frontier. I do not recall the Leader of the Opposition having joined in asking people to refrain and I wonder all those 10,000 or 12,000 people that cross the frontier every day into Spain, or every week, how they would feel if they knew that Mr Juan Carlos Perez wanted to opt out of the Common Market and go back to a closed frontier situation.

HON J C PEREZ:

If the Hon Member will give way. Mr Speaker, I did not say that. I said that if we were not able to get the necessary derogations to protect ourselves it was found to be in the interests of Gibraltar to do so, that that was better than the acceptance of the Brussels Agreement, that is what I said.

HON H J ZAMMITT:

Mr Speaker, I do not understand the Hon Mr Juan Carlos Perez at all because I cannot see how it would be better for Gibraltar to come out of the EEC if Spain wants to implement the restrictions again. How would we survive, Mr Speaker? We would have to find our own two feet, we would have to find our own financial setting. So I think that they have not considered this carefully, Mr Speaker. And whether we like it or not all we are doing is benefitting to a degree and giving us time to assess the whole situation. That point was made very clearly this morning by my Hon Friend Mr Brian Perez and I think it is a very valuable point. I think we are going to be very fortunate that it happens to be in February because if it was at the height of the season I think we would find matters much more difficult to cope with. Between February and July it will give us a certain amount of adjustment and I am of course talking of tourism, day excursionists. Mr Speaker, we expected from the Opposition an attitude but not as negative, quite honestly, as has been seen here today and yesterday. I can assure Members opposite that Members on the Government side too, have been probing and looking and trying to find ways and considering factors pro and against. All in all we find that there are tremendous problems but problems that we could overcome but there are also benefits. There may have been 5,548 signatures on the petition. I do not doubt that for one moment and I do not doubt the good intentions of the petition but there are 12,000 people who go into Spain despite the restrictions, despite the harassment, they are still going, and very many of them are buying property in Spain. Mr Speaker, I think I have mentioned in the House before that at this present moment in time, with the restrictions that we have at the frontier, in movement of Spaniards and Gibraltarians, or British residents only, that no tourists are coming through the frontier, that the Spaniards who are coming through cannot take things back, statistics show that there is a spend of about £2m in Gibraltar. If that is the case, that with all the restrictions that they have at the frontier they are spending about £2m here, and I want this to be carefully noted, that I think Gibraltarians are spending possibly £6m there but we are getting with the present situation some £2m into the economy then under a normal situation, would it be exaggerated to say that that figure would be ten times more and I think I am being very conservative. That has to be of benefit to Gibraltar. These ten months are going to give a breathing space to our traders in particular and to all the economy. I think the point must be made that we are really not giving anything up and I think the public must be told this clearly. I think it was Mr Brian Perez who said this morning that Spaniards do not have the right of employment in Gibraltar after the 5th of February, and I cleared this point up with the Hon Mr Bossano privately and he said: "Well, if that is so I am not all that unhappy". There are things that can be interpreted wrongly and the wrong impression

can be given. Mr Speaker, all in all, it is a matter of judgement, I think we have to take advantage of the ten months ahead. We would have had to implement this whether we liked this or not in December or whenever Spain joins the EEC. Let us take advantage of it, let us try and work together, Mr Speaker, and put our house in order and I am sure as we have in the past overcome so very many other difficulties we will be able to overcome this one and I am sure we can. Thank you, Sir.

HON ATTORNEY-GENERAL:

Mr Speaker, one or two legal points have been raised in this debate in the Second Reading and it is on those legal points that I would like to reply. I would like to deal first of all, Mr Speaker, with the Hon Robert Mor's points raised in his contribution to the debate on the Second Reading and in Question No. 18 of 1985. It is my view, Mr Speaker, that neither of the two conditions contained in Section 10A of the Social Insurance Ordinance are contrary to EEC law in that they apply to the nationals of all countries and are therefore not discriminatory. EEC Regulation 1408 applies to EEC nationals and it will apply to Spanish nationals after accession. I would like to draw Hon Members' attention to Article 45 of EEC Regulation 1408 but, unfortunately, the version that Members have got has been amended and I have the latest amendment together with the official journal and I would like Members, perhaps to have this amended, Section 45, and Mr Speaker can hold the original copy of the EEC Regulation. Mr Speaker, Article 45 is contained in Chapter 3 which is the portion of the Regulation which deals with Old Age and Death Pensions. The heading of Article 45 is this: "Consideration of periods of insurance or residence completed under the legislation to which an employed or self-employed person has been subject, for the acquisition, retention, or recovery of the right to benefits". Paragraph 1 is: "The competent institution of a Member State whose legislation makes the acquisition, retention or recovery of the right to benefit conditional upon the completion of periods of insurance or residence, shall take into account to the extent necessary, periods of insurance or residence completed under the legislation of any Member State as if they were periods completed under the legislation which it administers". Consequently, Mr Speaker, in my view, the periods of insurance or residence in EEC countries, or in Spain after accession, are deemed to be periods of insurance or residence under Section 10A of the Social Insurance Ordinance. Therefore, you will need the requisite number of weeks or the requisite number of months if it be obtained in Spain or in France. Then for the purposes of our Ordinance they are applicable to achieve the higher rates of benefit.

HON J BOSSANO:

If the Hon Member will give way. Surely, Mr Speaker, the aggregation of periods of residence or contribution is used by the competent institution in the Member State where the person was last employed which is the place where the payment is being made and what we are talking about is a situation in Gibraltar where people who ceased employment in 1969 have one rate of benefit and people who have been in employment since 1970 have another rate of benefit. If it is possible to maintain a two-tier system, the fact that there is somebody who since may have worked in France or in Germany or in Holland, does not mean that we have to give them the higher rate of benefit, what it means is that if he retires in Holland he can count his insurance in Gibraltar for his pension in Holland.

HON ATTORNEY-GENERAL:

Yes, I say Article 45, Mr Speaker, enables to aggregate the periods, the periods under Section 10A of the Social Insurance Ordinance.

HON J BOSSANO:

Yes but, Mr Speaker, the eligibility in the Social Insurance legislation under the EEC rules are the responsibility of the competent institution in the Community State where the person retires. So if we have got somebody who comes to work in Gibraltar for the first time next year at the age of 64 and has worked until the age of 64 in Spain, he will be able to retire in 65 here and ask for his insurance in Spain to be aggregated to his insurance in Gibraltar but if we have got countless of Spaniards who stopped working in Gibraltar in 1969 and have retired since in Spain, it is the Spanish institution paying them the pension that has to aggregate it. That does not explain why the Government tells us that the two-tier system has got to go when Spain joins the EEC in order to comply with the requirements of the EEC and that is the advice that Mr Hannay gave the EEC Committee in which we were represented, that the two-tier system was incompatible with Community law and that the moment they joined in it would be discriminatory to have two sets of pensions, one for people who were paying contributions after 1970, 99% of whom are Gibraltarians, and another one for people who stopped paying contributions then, 99% of whom happen to be Spanish. I am absolutely clear what the advice was that was given. I am assuming the Government is acting on the same advice that the EEC Committee was given by Mr Hannay and that advice has got absolutely nothing to do with the explanation the Hon and Learned Member has given.

HON ATTORNEY-GENERAL:

I am talking, Mr Speaker, about the period under Section 10A and those periods are not discriminatory. This was the point made by the Hon Robert Mor, that those periods were discriminatory and we say they are not because any period in Spain or in France or in Germany can be added here for the benefit of getting the higher rate of benefit payable in Gibraltar.

HON J BOSSANO:

Mr Speaker, surely, the Hon Member will recognise the point that I am making, that in this same legislation which he is quoting from the EEC, the requirement for aggregation of periods of insurance in different Member States is a computation that has to be carried out in the Member State in which the member retires. We are talking about people who stopped being in Gibraltar in 1969 and left. There is no question of you going back to the Member State where you were fourteen years ago and saying: "I want my contribution where I have been subsequently to be counted back". What happens under the EEC Rules is that if you retire in Gibraltar you are entitled to ask that your period of employment and insurance in the Common Market should all be taken into account and if you retire in Spain you are entitled to ask that your Gibraltar insurance record should be taken into account in Spain. That doesn't explain why we have been told that the two-tier system cannot be sustained once Spain goes into the EEC, it follows logically from having been told that, that we should ask if the system cannot be sustained after we go into the EEC which of the two things that produce the system, that is, either residence or contributions after 1970, those are the two conditions required for higher benefits and you cannot have a system of a higher and a lower benefit because one of those conditions infringes Community law. If neither do, there is absolutely no reason why we should even be considering granting higher pensions in 1986.

HON ATTORNEY-GENERAL:

Mr Speaker, I have given my view and of course insofar as Spain is concerned 1408 does not apply to Spanish nationals until accession. That is my view and it is a matter of argument, it is only a view. To deal with family allowances, the right of EEC nationals to family allowances in Gibraltar is obtained in this way and it is rather a long way round but this is the way we get to it; we equate EEC nationals with Gibraltarians so as not to discriminate in any way against EEC nationals, we give them the same rights and the same periods of pension as we give to Gibraltarians and the same residence requirement as we give to a Gibraltarian, namely, six months.

HON J BOSSANO:

But, Mr Speaker, does the law say that?

HON ATTORNEY-GENERAL:

Yes, I would say it is a long route and I will try and take the Hon Member along the route. The first one is Section 18 of the Family Allowances Ordinance. Section 18 says: "It shall be a condition of the right to any allowance to the family of a man and his wife living together that either - (a) the man or his wife is a Gibraltarian or, if not; (b) such requirements as to nationality, residence, place of birth or other matters as may be prescribed are satisfied as respects the man or his wife or either or both of them according as may be prescribed by Regulations and the like conditions shall apply in certain cases". And 18(2) says this: "It shall be a condition of the right to any allowance for the family of a man and his wife living together that each or one of them is in Gibraltar or such other place as the Governor may by order declare, and the like condition shall apply, etc". If one looks at the Family Allowances (Qualifications) Regulations, we have got first of all Regulation 3: "It shall be a condition of the right to any allowances at any date for the family of a man and his wife living together, if the man is not a Gibraltarian, etc", certain conditions, and (b): "that (unless his wife is a Gibraltarian) he or his wife has for at least 104 weeks in the aggregate out of the three years immediately preceding that date been present in Gibraltar". That deals with the Gibraltarian and his wife living together. Regulation 4: "It shall be a condition of the right to any allowance at any date for the family of a man not having a wife or not living together with his wife if he is not a Gibraltarian that - (a) he has for at least 104 weeks of the aggregate out of the three years immediately preceding that date been present in Gibraltar; and, etc" and another condition. Regulation 5 applies to a non-Gibraltarian woman living with her husband - "It shall be a condition of the right to any allowance at any date for a family of a woman not having a husband or not living together with her husband if she is not a Gibraltarian that - (a) she has for at least 104 weeks in the aggregate out of the three years immediately preceding that date been present in Gibraltar; and...". Those three Regulations, 3, 4 and 5, all deal with non-Gibraltarians. If you look at Regulation 8(1): "For the purposes of subsection (2) of Section 18 of the Ordinance", and Section 18 is the Section which I have said deals with non-Gibraltarians - "(a) the presence of a person at any date shall be treated as temporary except in the following circumstances - (i) if for at least 26 weeks in the aggregate out of the twelve months immediately preceding that date he has been present in Gibraltar; or (ii) if the period of that presence has been immediately preceded by a period of absence throughout which there was a right to an allowance for his family".

In my view that sets out the qualification for a Gibraltarian which is more favourable to that for a non-Gibraltarian and that it only requires a 26 weeks residence instead of two years, 104 weeks, and therefore that is the condition which is the most favourable condition and so as not to discriminate in favour of Gibraltarians and against EEC nationals, this Regulation 8(1)(a) has been applied in the case of EEC nationals because it is not discriminatory, it is the same treatment as a Gibraltarian receives.

HON J BOSSANO:

Mr Speaker, how is it being applied when the Hon Member has just read the law out and the law distinguishes between Gibraltarians and non-Gibraltarians. If, in fact, the law is in conflict with Community law then surely the law should have been amended, he cannot just apply it without the authority of the law, surely?

HON ATTORNEY-GENERAL:

We have applied the European Communities Ordinance, 1972, where we obtain all the benefits and all the disadvantages of Common Market membership and we are not allowed to discriminate against EEC nationals by virtue of that and so we do not discriminate, we give EEC nationals the same treatment as we give to Gibraltarians.

HON J BOSSANO:

If the Hon Member will allow me. Is he then saying that notwithstanding the fact that we have got a law on the Statute Book which is in conflict with the European Communities Ordinance or in conflict with the obligations Gibraltar acquired in 1973, here we are in 1985, we haven't altered the law, the law still says one thing and we are ignoring the law because we are instead applying what we ought to be applying as a requirement of the EEC law, that is what I am being told?

HON ATTORNEY-GENERAL:

Yes, that is so and of course the EEC law takes precedence over any local legislation, over any national legislation.

HON J BOSSANO:

But then, Mr Speaker, why do we have a European Communities (Amendment) Ordinance at the moment on the floor of the House? The Hon Member is amending other things and this thing unless he has discovered it in the course of the debate today, is not being amended. Why is it that we are altering other things in the European Communities

Ordinance to bring them into line with our Community obligations including the entry of Greece, and we are not amending this Ordinance which all that it would require, I imagine, is a clause under the interpretations which says: "A Gibraltarian for the purpose of this Ordinance is a European Community National who has got a permit under Part IX of the Immigration Control Ordinance", and that would make the thing completely legal. The other point that I would like to make to the Hon Member, if in fact he is saying that although the law has not been changed the allowances are being paid extra legally because they are being paid in compliance with Community law which is overriding the local legislation, then can he tell me what happens to an EEC National who may be living in the Consular District of Her Majesty's Government in La Linea and Algeciras which according to the Ordinance is the area which is the other place appointed by the Governor or are we maintaining a discrimination and paying allowances to Gibraltarians only who live in Spain and not to other Community Nationals and if we have to do it to other Community Nationals under EEC law how is it that the amendment that he has brought to the House in this Bill maintains the discrimination because it will then be Gibraltarians in the Consular District, EEC Nationals in the Consular District by virtue of the Treaty of Rome and Spaniards resident in Gibraltar with their children residing in Gibraltar. How does he explain that tiny anomaly?

HON ATTORNEY-GENERAL:

Insofar as amending the Qualifications Regulations, the Hon Leader of the Opposition will bear in mind that they are Regulations and they are subsidiary legislation and would not be altered by this Ordinance, they would be the subject matter of amending Regulations, subsidiary legislation which would not have to come before this House because the qualification period, the so-called difference between a non-Gibraltarian and a Gibraltarian, are contained in the Regulations and not in the Family Allowances Ordinance and therefore those Regulations will be amended by subsidiary legislation and not in this Bill.

HON J BOSSANO:

And then, Mr Speaker, why is it that the Hon Member has got in the European Communities (Amendment) Ordinance a clause under the Second Schedule, Clause 5, sub-clause 3, which says: "A national of the Kingdom of Spain shall be entitled to family allowances in accordance with the provisions of the Family Allowances Ordinance (Cap 58) in respect of members of his family who are residing with him in Gibraltar". Why is it that for everybody else except the Spaniard it is done by Regulations and for the Spaniard it is being done here, why?

HON ATTORNEY-GENERAL:

These are the derogations, exceptions and modifications that have been made in respect of Spanish nationals. They are not members of the EEC, the EEC Regulation would apply to them on accession but not before and so this paragraph 5(3) of the Second Schedule covers the period of advance implementation and so we have specifically said in the case of Spaniards six months qualifying period as for all other EEC Nationals.

HON J BOSSANO:

I am afraid the Hon Member has either not understood the point I have made or not answered it. I have asked him, if the situation is that notwithstanding what the law says Community Nationals have got to be given equal treatment with Gibraltarians and there is a situation in Gibraltar where, let us say, a Moroccan or a Portuguese national will only be able to get family allowances on the basis of a residential qualification of two years out of three. The law at the moment says Gibraltarians need six months and everybody else needs two years. The Hon and Learned Member then says because Community law does not allow discrimination, in practice we are applying the Gibraltarian rule to EEC Nationals which means we are applying it to people other than three obvious national groups we have in Gibraltar, Portuguese, Moroccan and Spaniards. He is now legislating here saying Spaniards will need six months therefore, presumably, the Moroccans and the Portuguese will continue to need two years out of three but the law as well says that Gibraltarians in the Campo Area get family allowances and therefore if he cannot discriminate between Gibraltarians and EEC Nationals it must follow that EEC Nationals in the Campo Area get family allowances and if he has introduced a clause to remove the discrimination between EEC Nationals and Spanish Nationals it must follow that Spanish Nationals should get it in the Campo Area but this legislation here is saying Spanish Nationals with residence in Gibraltar so he is having a three-tier system, he is having Moroccans in Gibraltar with two years; Spaniards in Gibraltar with six months and EEC Nationals in the Campo Area with six months. Am I correct in that analysis?

HON ATTORNEY-GENERAL:

There is, certainly, this Order that was made way back in 1964 when the Consular Districts of Her Majesty's Vice-Consulates of La Linea and Algeciras were declared as other places for the purposes of this Section. They don't exist and it is completely out-of-date. You can tear the little slip of paper off there because those Consular Districts don't exist.

HON J BOSSANO:

But am I correct in saying that that is the legal position in respect of the existing law, the obligation under Community law and the amendment brought to the House?

HON ATTORNEY-GENERAL:

Except insofar as the Appendix to the Family Allowance Ordinance about the Consular Districts, that is gone.

HON J BOSSANO:

Is it in the law or not, Mr Speaker, because I have got an up-to-date version of the thing and it is there? Didn't the Government confirm at an earlier meeting of the House, Mr Speaker, that Gibraltarians residing in La Linea and working in Gibraltar would continue to be able to claim family allowances in respect of their dependent children, we have asked that and it has been confirmed. Is the Hon Member saying that that is now going to be taken away from them?

HON ATTORNEY-GENERAL:

No, that has nothing to do with this particular Appendix to the law.

HON J BOSSANO:

Mr Speaker, I am asking, is the situation that as the law stands today a Gibraltarian residing in La Linea and working in Gibraltar can claim family allowance in respect of his children residing with him in La Linea and if it is so today is it the intention to maintain it or not? We have asked that question before and we have been told, yes. If the answer is still yes at this moment, if that is still yes, then does it follow that if it is granted to Gibraltarians it has to be granted to Community Nationals by virtue of the explanation given by the Hon Member and if it is granted to Community Nationals how is it that he has to reduce the period of six months for Spaniards in order not to discriminate between them and EEC Nationals but he doesn't have to give them the right if they reside in La Linea and that is not discriminating between them and EEC Nationals?

MR SPEAKER:

With respect, I would rather this matter were left for the Committee Stage. It is the interpretation of one particular clause and we are not going to get any further.

HON ATTORNEY-GENERAL:

Indeed, Mr Speaker, it is just a question of legal interpretation. I am giving my views on the interpretation and the Hon Leader of the Opposition knows quite well that if he wants to challenge any opinion we give in this House he is free to do that. Housing is again not one of the easiest things but the rights of EEC Nationals for housing in Gibraltar are certainly contained in Article 9 of Regulation 1612 and it may be useful to read Article 9 again: "A worker who is a national of a Member State and who is employed in the territory of another Member State shall enjoy all the rights and benefits afforded to national workers in matters of housing, including ownership of the housing he needs. Such worker may, with the same right as nationals, put his name down on the housing lists in the region in which he is employed, where such lists exist, and he shall enjoy the resultant benefits and priorities". That is the EEC Regulation so you have got to ask yourself: "What rights to Government housing do national workers in Gibraltar hold?" My submission is that national workers in Gibraltar hold no rights to Government housing. Workers in Gibraltar of whatever nationality have no rights to Government housing. Residents of Gibraltar of whatever nationality have no rights to Government housing. The only persons who are eligible and qualified for Government housing are those persons named in the Housing Allocation Scheme, the revised scheme, and they are persons who have actually been registered in the Register of Gibraltarians.

HON J L BALDACHINO:

Mr Speaker, will the Hon Member give way? I understand that nobody has rights to housing in Gibraltar, including Gibraltarians as a matter of fact, but if we have a Housing Scheme which is applicable to Gibraltarians, surely, then that is also applicable to EEC Nationals otherwise it would be discriminating. If the Government of Gibraltar was not giving any houses at all, it was not granting houses then, of course, that would apply to EEC Nationals as well and EEC Nationals would not be able to apply under Article 9 because there is no provision for that but if you have a provision and it is applicable to Gibraltarians, surely, that must be also applicable to EEC Nationals?

HON CHIEF MINISTER:

Perhaps it might be better if the Attorney-General were allowed to finish his proposition.

HON ATTORNEY-GENERAL:

I think you have got to limit and again, as the Hon Member will realise, this is a technical legal argument on the wording of 1612 afforded to national workers with the same rights as nationals. There are many people in Gibraltar, I have been here for eleven years, for example, and I am not entitled to go on the housing list and I am not entitled

to Government housing. Workers of Gibraltar just because they are workers are not going to have it and nor are residents. I am prepared to argue that this is not discriminatory of EEC and I do have some support for this not only in Gibraltar that the housing in Gibraltar is limited to that very limited number and that very special breed of people who are named in the Gibraltarian Status Ordinance and it is only those that have the right, that I say and I am prepared to argue, is not discriminatory of other people. If it was all workers in Gibraltar entitled to houses or all Gibraltarian workers but, no, it is not even that. It is a very limited number of Gibraltarians who are entitled and actually have been registered in the Register of Gibraltarians.

HON J BOSSANO:

If the Hon Member will give way. Mr Speaker, isn't that exactly the same distinction as the one the Hon and Learned Member has just made in respect of the family allowances, that it isn't everybody in Gibraltar that is entitled to family allowances after six months, it is only Gibraltarians who are in the Register of Gibraltarians and he says that that goes against EEC law and that therefore instead of Gibraltarians it is being applied to EEC Nationals because to have one criteria for Gibraltarians and another one for EEC Nationals is contradictory? He is saying that in the case of housing it can be done, you can have a situation where you can say: "We have a Government scheme which allocates houses on the basis that the only people entitled to apply under that scheme and to be included in the priority list under that scheme are those who are on the Register of Gibraltarians and that is not contrary to Community law". If he is convinced of that the only thing I can tell him, Mr Speaker, is that we will see whether the Commission agrees with him.

HON ATTORNEY-GENERAL:

That, again, is a question of legal interpretation, it is a question of challenge but this is the way it has been looked at throughout, that we have never felt that Spanish nationals and EEC Nationals can go on the housing list because the housing list is so limited in its scope to people who are actually on the Register of Gibraltarians. The other point; Trade Union rights. The trade union rights are set out in Article 8 of EEC Regulation 1612. There are no EEC rights appertaining to the setting up of trade unions or the establishment of trade unions. The setting up and establishment of trade unions is governed by the Gibraltar law which is contained in the Trade Unions and Trade Disputes Ordinance. There is no EEC rights to set up a union, the rights are limited to Article 8 rights. Education:- The rights to education for the children of EEC Nationals. Again, they are clearly set out in Article 12 of Regulation EC 1612 of 1968 and these people are

entitled:- "The children of a national of a Member State who is or has been employed in the territory of another Member State shall be admitted to that State's general educational, apprenticeship and vocational training courses under the same conditions as the nationals of that State, if such children are residing in its territory. Member States shall encourage all efforts to enable such children to attend the above-mentioned courses under the best possible conditions".

HON R MOR:

Mr Speaker, before the Hon Member finishes. I raised a point during my contribution in relation to the competence of this House to pass legislation granting EEC rights to a foreign power. Perhaps the Hon Member would let us know what the legal position is as regards that. As far as I understand it, Gibraltar can only deal with defined domestic matters and we learnt that, really, when we tried to have the frontier gates closed at midnight when the Spaniards lifted the restrictions and I think also by the definition given that a competent institution of a Member State is the Minister or Ministers of that institution, which in our case is the United Kingdom, how can we pass legislation on this?

HON ATTORNEY-GENERAL:

We have our own European Communities Ordinance, 1972, where we apply EEC rights, we apply the whole EEC system in Gibraltar. We are sovereign here in that we can give what rights that we choose in Gibraltar to whomsoever we choose and in this particular instance we are choosing to give them to Spanish nationals for a period until Spain accedes to the European Community. We in Gibraltar during this intervening period can give what rights we want to anybody, we are sovereign in this. If we want to give them rights on education, if we want to give them rights for family allowances, if we want to give them rights of residence we can do it, the power is in us and in nobody else.

MR SPEAKER:

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

HON CHIEF MINISTER:

First of all, I would like to state that this has been a full debate in every sense since every Member of the House has taken part in it. I think there are very few Parliaments, perhaps because of our numbers, that could pride themselves in saying that every Member participated in a general debate. It is an indication of the importance of the debate and of the fact that democracy is at work in Gibraltar. In

the first place, my Colleague, Mr Canepa, last night said that he had been here since 1972 and he had never been a party to any shameful legislation. Well, I would repudiate the word shameful, going back to 1950 which is the time that I have been in this House. It is not only that the Ordinance is not shameful but it is an Ordinance which I bring here in my capacity as Chief Minister and I am fully satisfied that it is an Ordinance which is in the interests of the people of Gibraltar. Members opposite can object to that, they may not agree, of course that is their privilege but it is also my privilege to bring here what I think is right for the people and I repudiate entirely the word shameful that was mentioned by the Hon Member which is his own, not mine, and I repudiate it with all the strength that I can because it is shameful that it should be shameful. There are two areas in which Members opposite have concentrated in their interventions which I think I should like to spell out in general terms and then I will go to the particulars. First, by misrepresenting the situation of what has been said either now or before and I will come to instances of that and, secondly, and I think that was mentioned by one of my Colleagues, have tried to make complicated matters more complicated because when we have said, and the Attorney-General who has no interest except to advise the Government on his legal view of the situation, says that his interpretation is one which is favourable to the rights of the people of Gibraltar as against Community nationals and particularly as against Spain, they tried to question that. They tried to minimise that. When we say that something, for example, the Trade Licensing Ordinance, which is a very good piece of legislation, and we say that is a protection not only against Spaniards or against anybody, it is a protection for the community as a whole, they said no, we question that. Well, they can question it and perhaps after this Ordinance they may take 25 matters to the European Court and see who was right or not. It will take a couple of years and in the meantime Spain will have entered the Common Market and we would have seen how the thing works. Really, Mr Speaker, I regret to say that despite the fact, and I have listened with great care, I am one of those who stay here all the time and listen to all Members, that the thrust of the Opposition is to try and bring disrepute and contempt for a law which I think and my Colleagues think and it is quite clear there was even an attempt to say that Members of my party were worried about it, well, they have all spoken entirely at their own will and when they wanted and in whatever way they wanted and it is quite clear that we are ad idem on this matter. All Members say what they like here and as far as I am concerned I do not exercise any control nor do I have any pre-meeting meeting to try and see how the work is distributed or anything like that. I say that there has been misrepresentation for many reasons. For example, this morning this question of October and that I knew it and I should have gone to the electorate. Well, I made a very long and considered statement on the 12th December, 1984, and this has really been a prolongation

of that debate because that is where it all started. I do not hesitate to say that if we had had the legislation ready we would have had one whole meeting in which the motion would have been carried and we would have proceeded with the legislation but the legislation is complicated and it has required a considerable amount of study and consultation too. By any standards, EEC Regulations and Rules are complicated and I might say at this stage that perhaps it is not understood that by entering the Common Market all those who did and we did with the British Government, we gave up part of our sovereignty in the sense that those matters which are controlled by the Common Market by a Treaty and every Treaty between nations is a surrender of part of the sovereignty of that nation insofar as that Treaty is concerned because it gives up the sovereign right to do what it wants subject to the conditions of the Treaty and therefore if there is any conflict between the legislation of any country and a member of the Community as has been decided over and over again in the High Court in England the Community law prevails if it is clear, if it is not clear then there is no question of Community law prevailing. Talking about this question of having gone to the electorate, a close examination of what I said would show that nothing, really, had been decided at all at the time of the election and as I said at the last meeting, I had no obligation to give the Hon Members and the public any account of how things had developed going back to November but I did it because as I said at the time, I wanted to be quite sincere and quite frank about it and I wanted the people to know exactly how it had happened. In that statement I said: "We know of other reasons why implementation of the Lisbon Agreement was delayed, notably the Falklands war in 1982. By 1983 there was deadlock, no progress seemed possible and then on the 15th November, 1983" - and I asked the House to take note of that very carefully - "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 negotiation for Spain's accession to the Community but before that accession actually took place. My reaction to this suggestion was that I saw no objections to it being explored further without commitment" - that is what I said. And then I said: "By March, 1984, exploratory talks had been held at diplomatic level and I was then asked on 7th March", so that in between the first approach where they said: "What would you think about that?" I said: "It is worth exploring". I always think and I say so and I have no hesitation in repeating it, that any idea where there is a conflict and perhaps I have inherited this from my attitude in my profession, when there is a conflict any attitude, any new movement ought to be explored in order to avoid conflict. That, I think, is a general principle which has guided me all my life and which I think is sensible. This happened in November, 1983. At that time the House was

in existence and we hadn't dissolved the House and therefore there was no question of an election at that time, in November, 1983. By the time that I was approached again it was March, 1984, by which time of course we had had the little incident of the election count and the temporary appointment of the Hon Mr Bossano who gave two interviews as Chief Minister, he was Chief Minister for one and a half hours - they talk about "Reina por un dia", that was "Rey por dos horas" - and it was with great relief that those votes that had been held behind, great relief by the bulk of the people who were following the event, particularly those ladies who were wearing fur coats, who were greatly relieved when the results were announced and the true results emerged and not the pattern which appeared to have been showing much to the concern also of some Hon Members opposite who had never counted on being made Ministers. Anyhow, be that as it may, there was no question about going to the people and telling them of something which was purely an enquiry and therefore all that the Hon Member, Mr Juan Carlos Perez, said in his excitement this morning about that is absolute nonsense, in fact, these facts are known because I have chosen to disclose them. If they were facts that in any way compromised me and I had any feeling of guilt about it I would not have disclosed them but they are here and I have put them before the House because I felt that I ought to. The other matter which I would like to mention is the question of a mandate and this is very interesting. We have a mandate to govern and we have a mandate to do what we think is right and if we do something wrong we are sent out but I think the point the Hon Mr Zammit made was a very valid one in that we were not elected just by chance or just by one vote, we were elected by a substantial majority. Hon Members opposite improved their position considerably but not at the expense of my party. We won and they won at the expense of some other party, that was the result of the election, but it is quite true that the nature of the votes with which we were returned and if you make an allowance for wastage, then that result is even more important because after being in public life for forty years to get the best marks ever is, I think, something that I do not like to say often but if there is any opportunity in which I ought to say it, I am saying it now because I feel that what has been said is exactly what has not happened, there has been leadership, there was leadership with the Dockyard. I was accused when I made the package in July, 1983, that I had no right to do it, alright, I did it, I took the chance and what happened? I was returned with a bigger majority which meant that my leadership was accepted. I am saying that that is what is happening now and the same as if we had accepted the proposals of not having a commercial dockyard now we would have 500 or 600 or 700 people unemployed and more people without any prospects of employment and yet it is working, and yet it will work and I know Hon Members opposite think that it will not work but I have often said that I am sure that they hope that they are wrong because in the interests of Gibraltar

if that thing works it is good for everybody, even for the Opposition, and I would not tell them "I told you so" if it works and it was good for the people of Gibraltar. That is my attitude and that is what is happening now. I have made whatever reservations were required, I have openly and freely discussed and told everybody; The Times, the Spanish media, the whole world that comes round here when there is trouble, we do not see them when there is no trouble around here but all the media comes when we have problems, I told them all as to my stand and the stand of my party on sovereignty. How could I change that after forty years fighting for that? Well, not forty but at least since the Spaniards started to put the claim in which was in 1963 when we first went to the United Nations, I couldn't change now, why should I change now? Why? And that is something that Hon Members opposite may not want to understand. The Leader of the Opposition understands that if I say that something is right in respect of sovereignty in Gibraltar people believe me. Maybe he thinks they ought not to believe me, I don't know, he didn't attribute any improper motives to us, he attributed an error of judgement, bad judgement, whatever it is, and I am grateful to him for having specially said that. The Hon Mr Pilcher said that at the previous debate and, again, I am appreciative because, first of all, if we differ we differ and it is the essence of democracy that if there are different views those who have the responsibility to carry out the functions of Government must prevail. There is no question of saying: "You have to pass this law otherwise there was no Brussels", and so what? That is why the Brussels Agreement says, and that for the Spaniards is something, that the necessary proposals for legislation will be introduced in Spain and Gibraltar because if it had been necessary to pass this legislation in England it would have been because we would not have been in agreement with what was agreed there and if they wanted to give Spaniards advance rights they would have done it by the British Parliament against this Parliament and perhaps then we would all be out. That is why that Agreement to which Spain was a signatory says and recognises implicitly that it is the people of Gibraltar who are to legislate to come to an agreement which Spain and Britain have come to with the approval of the leader of the people of Gibraltar in these circumstances. I think some of the smaller points have been cleared. I understand Members are not very interested in some of the other amendments but judging by the interest that they have taken in the general debate I hope we will not be held up in other ones. The Hon Mr Mor made a very short contribution but let me tell the Hon Mr Mor that I have never been a puppet of anybody and the Government is not a puppet of anybody. I do not know whether he has any experience of being a puppet of somebody, I haven't and I am a bit older than he is. We do what we think is right. If we coincide with the British Government, alright, if we do not we fight them; if we come out together after a fight with a modified

view I think it is in the interest of Gibraltar. It is no use saying "we want to be independent", it is no use saying "we want to leave the Common Market". Of course we are not treated as a nation, I said so before, we are not treated as a nation because we are not a nation. Unfortunately, we are only a nation in our minds and in our hearts but in real political terms we are not and that is something we have to realise and we have to live with and, my God, if we do not get the support of Britain and we do not get the help of Britain and we do not try and take Britain by the hand to the extent that we can, what is the other option? All Hon Members know what the other option is and it is quite clear which we prefer. So much so that when you make a little move about something that would appear to be leaving that option or looks like it, people are afraid and there is unhappiness. What there is, I think, is concern, serious concern as to how the whole thing is going to work in the conditions that have been stated so often here on both sides about the fact that we are part of a community next to a country of thirty million. I don't know how many millions there are in Europe but Luxembourg has got 320,000 inhabitants and I suppose in proportion to the countries that surround Luxembourg, they could be said to be more or less in the same position and they have been able to survive. It is true that because she was one of the earlier members she was able to have a derogation about the free movement of labour but the question there and I have investigated this and if I haven't said so here I will say so now and if I have said so before I apologise but I think it bears repeating. I have spoken to people from Luxembourg, when I was in Strasbourg I took the point about this back in 1980, whenever it was, that we went to see the European Parliament and I spoke to representatives of the Luxembourg Parliament and I said had they had to have recourse to the derogation about labour and they said: "No, people do not go where there isn't work". There is Europe with five million or six million or eight million people unemployed and yet people do not go to Luxembourg to look for work because they know there is no work there. This idea that because Spain is coming into the Common Market and we are here we are going to get 35 million Spaniards, what have we got to give 35 million Spaniards? We still have to make the best endeavours to keep our standard of living and so on and we cannot give them work. That Gibraltar has historically always required an alien labour force is a historical fact, it is true, and that in the past when it was required for defence purposes people were employed for that particular work and then they were sent back home, people won't put up with that anymore. But if there is work here and if the Community improves and if the economic activity of Gibraltar improves and labour is required and labour is available across the way, there will be no problem, in fact. We all complained bitterly that the Spanish labour force was withdrawn by an act of Franco. The Brussels Agreement, Mr Speaker, and the legislation we have been considering today is, in my view, in the considered view of my colleagues, the best

possible deal that we can get to get out of this rut we were in before there was any movement. I think I said this at the last meeting. First of all, as was mentioned by one of my colleagues this morning, we will be able to see Spain's good faith which I have proclaimed as being changing and let me say that I would never expect the Spaniards to give up their right to claim Gibraltar in their goodwill, I would never expect them to do this. If I were a Spaniard I might not do that but I would change my attitude certainly if I want to live with them, certainly. I do not think anybody, any power, would be expected to give up for any temporary or small matter what is considered a historical fact, a historical mistake, a historical defeat, no, but that there is a change in the approach, I think Hon Members opposite must accept that and let me say that I do not know very much about the details of what happened in the technical talks here but certainly the atmosphere there was said by all to be very friendly and I think, in fairness, perhaps because he is a socialist, Moran has said quite clearly that there is no question of Spain attempting to rule over Gibraltar against the wishes of the people. He is not going to give us an undertaking forever of self-determination, I do not think that anybody could expect him to do that. I think he stuck his neck out quite a lot and we will see what happens after Geneva. I think he stuck his neck out quite a lot because he has seen the reality of the situation, because as a socialist and as a democrat, as has happened from the beginning of the change of regime, he has realised that the people of Gibraltar particularly in the regional Spain where everyone has his own characteristics, he has realised that the people counted which was something that Franco never thought of. Franco thought we were camp followers or peanut sellers to the soldiers but the democratic institutions of Spain have thought differently. I have here which I thought I ought to mention now though it is not strictly relevant and that is the jubilation in a debate in which the Hon Leader of the Opposition was present. I have here the remarks made by the three then leading lights of that party in 1972 when we were considering the Communities Ordinance and everybody said how good it was; "European integration was ideal, that is exactly what we had been waiting for for a long time, well done". That was the reaction of Major Peliza. He went on: "Naturally, we who have always advocated that Gibraltar should become an integral part of the new united Europe welcome the Bill". Mr Isola said: "The Hon Leader of the Opposition has already stated the support of the Opposition for this Bill because of the attitude we have taken all along on the question of entry of Gibraltar into the European Economic Community". And Mr Xiberras said more or less the same. He said they wanted to stop delegated powers which didn't arise anyhow. With hindsight, of course, it is very good to say that and let me say that we as we were then in the Opposition, we were also consulted and I make no apologies for saying that at that time it didn't seem to be when the debate was going on in the United Kingdom whether Britain should form part of the European Community or not, in my own mind I thought

that if Britain entered it was inevitable that we should enter and I still believe that, I still believe that we are an oddity in history and that we would be a bigger oddity if the whole of Europe belonged to the Community and Gibraltar was left out. That I believe in and I know that that carries a considerable burden and I know we must try to see and there are provisions, certainly in the question of labour, if there are any upsets in the movement of labour the institutions of the Community will look at any problems that arise and I know that there are many other areas in which the Community care for small people. But on the whole, yes, the rules are made in a big way and they have no time for small special cases and I think that that was seen, despite the good reception we got, that was seen by the Hon Leader of the Opposition and myself when we went to Brussels. We were listened to carefully and so on but the result in the end was that much as they would want to it would not be in consonance with the spirit of the Community. Mr Speaker, the Bill that is before this House may make a considerable impact for the benefit of Gibraltar. I believe passionately that it will make a considerable impact in the long term despite some difficulties that may arise in the short term. It is a Bill which has been brought after considerable thought. The Agreement was the subject of considerable discussions. I made the necessary reservation on the main point, it in no way affects us and therefore I am proud to be able to give it support. I just want to make one final remark because I was not going to say anything about the petition but Mr Pilcher thought fit to make a remark that we had abstained. Let me tell Hon Members opposite why we abstained on the motion that the petition be read and that is because much as I admire the young people whether they were children of members of the Hon Member's party, of the GSLP, or the trade union movement, I have great regard and great admiration for anybody young who gets himself involved in public life but let us not believe that the boys were the ones that obtained all the signatures because there were stalwarts, grown up members of the Hon Leader of the Opposition's party who were seeking signatures all over the place, with moustache and without moustache, as I said this morning, grown up people, stopping cars at road blocks and everything and asking people to sign. It was first presented as if it had arisen out of the Sixth Formers and then the Sixth Formers formally repudiated having anything to do with it. That kind of political manipulation certainly we are not prepared to support. That is why I have made the comments because the Hon Member has said that we abstained, that is why we abstained, we did not object, we could have said no we won't receive it. No, of course, there it is and for those genuine young people who took part in it I have the highest admiration. For those grown ups who took part and then put the merit on the young people, for those I think I have the greatest contempt.

HON R MOR:

Mr Speaker, can I make a clarification?

MR SPEAKER:

A clarification on what?

HON R MOR:

On something that the Chief Minister has said.

MR SPEAKER:

No, I am afraid the debate is finished and the Mover has made his reply. Unless it is a matter of personal explanation there is no way you can speak. Personal explanation or something that you may have said and may have been misinterpreted.

HON R MOR:

What I would like to say is that in my contribution I never said that the Hon and Learned Chief Minister was a puppet. What I said was that we were being used by the United Kingdom Government and that we were being manoeuvred and moved like puppets and that that was why we didn't want any part of it. I never said that the Chief Minister was a puppet.

HON CHIEF MINISTER:

I accept that.

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 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 Members abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The Bill was read a second time.

HON CHIEF MINISTER:

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. If Hon Members opposite agree today if there is time, if not tomorrow or if Hon Members want time, I have asked the Hon Leader of the Opposition and they don't want any time for the Committee Stage so let us proceed then to whatever business there is and let us take it whenever it comes.

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1984/85) ORDINANCE, 1985

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. The Bill seeks to appropriate the sum of just over £500,000 and of this the great majority of the money required is in respect of the Electricity Undertaking. The Bill as published gives a summary of this amount but the Schedule which Hon Members have been provided explains that the figure for the Electricity Undertaking is really the composite of two items. Approximately half or just over half is in respect of the increase in fuel costs and the remainder is in respect of a re-instatement of funds previously re-allocated which was in fact the subject of a question at an earlier meeting of the House, Question No. 132 of 1984, when my Hon Friend the Minister for Municipal Services explained the re-allocation or the probability that the funds which had been re-allocated would be required for fuel costs. That is one half of the amount. The other feature of the sum required is for increase in fuel costs and I think Hon Members will be

aware this is very largely as a result of the decline in the value of sterling relative to the dollar, a decline which, alas, does not yet seem to have ended. With those few words, 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 C PEREZ:

Mr Speaker, we in the Opposition will be abstaining because there is certain supplementary expenditure which we would vote in favour and certain supplementary expenditure which we would vote against and I will explain to the House, Mr Speaker, that in Question No. 132 of 1984 which the Hon Member has quoted, I said in a supplementary to an answer given by the Hon Minister for Municipal Services that since we have been opposing the continuation of Hawker Siddeley in the running of the Generating Station and since the re-allocation of the funds from subheads 4 and 8 on King's Bastion and Waterport Power Station consisted of £220,000 - £110,000 of each subhead - to meet the last payments to Hawker Siddeley, I gave notice at question time that we would be voting against that and that is why we are now abstaining.

MR SPEAKER:

May I perhaps inform the Hon Member that there is another manner in which he can express his views on this one. We are now debating the general principles of the Appropriation Bill and there is no reason why you shouldn't vote in favour. You will be given an opportunity to vote each Head upon which you can choose on which Head to vote for and which Head to vote against.

HON J C PEREZ:

Mr Speaker, I have taken the opportunity to put the position clear now. That is all I have to say.

MR SPEAKER:

What I am saying is that there is no need to abstain on the Second Reading but if you so wish you are of course entitled to.

HON J BOSSANO:

Mr Speaker, I would like some clarification from the Government on the question of the GBC vote which we are in favour of.

MR SPEAKER:

We can do that at the Committee Stage.

HON J BOSSANO:

Well, I think it is something that I want to bring to your notice. What we want to know, really, is whether that includes any money in respect of the General Manager that has to be recruited overseas or this is purely for the local staff?

HON CHIEF MINISTER:

I want to make a statement when we come to this. It has nothing to do with this but I still want to make a statement on that and I will then explain to Hon Members.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I suggest that this be dealt with at the Committee Stage.

MR SPEAKER:

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 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 H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez

The following Hon Members were absent from the Chamber:

The Hon J L Baldachino
The Hon R Mor
The Hon J E Pilcher
The Hon Dr R G Valarino

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.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Development Aid (Amendment) Bill, 1984; The European Communities (Amendment) Bill, 1985, and The Supplementary Appropriation (1984/85) Bill, 1985.

This was agreed to and the House resolved itself into Committee.

THE DEVELOPMENT AID (AMENDMENT) BILL, 1984

Clause 1

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that Clause 1 be amended by the deletion of the figures "1984" and the substitution thereof by the figures "1985".

Mr Speaker then 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

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move an amendment to Clause 2 of the Bill by the addition of the following new paragraphs (3) and (4) to Section 15E. Hon Members have been given notice of the amendment, Mr Speaker. Subsection (3) reads: "Notwithstanding anything contained in subsection (2) of this Section where any residential hereditament which is part of a development project carried out in pursuance of a licence granted under the previous Development Aid Ordinance came into beneficial occupation on a date subsequent to the 1st April, 1980, the annual relief from liability for rates already allowed under the provisions of Section 298A of the Public Health Ordinance shall remain unaltered until such time as the corresponding annual relief from liability for rates allowable under Section 15B has been attained".

And subsection (4): "For the avoidance of doubt nothing contained in this Section shall entitle any person to any remission or refund of rates".

HON A J CANEPA:

I would like to explain. I think I made reference to this when the Second Reading of the Bill was taken, Mr Speaker. The object behind this amendment is to assimilate those cases where people who are getting the relief granted from rates under a development aid licence have not yet reached the maximum of the scale, or rather they haven't progressed through the scale to an extent that they are paying full rates. The previous scale went up in steps of 20%, from 0% to 20% to 40% to 60% to 80% and then people were liable to pay the full rates and the intention is that as greater relief is going to be granted under the amendment before the Bill, the relief that is going to be granted will be for a maximum of ten years whereas previously it was only for five, people who are in a transitional situation should be absorbed into the new scale at the appropriate point thus, for instance, somebody who is paying 60% of the rates under the present Ordinance would be assimilated into the 60% rate under the amendment and then progress along the new scale to 70%, 80%, 90% and 100%. So they are transitional provisions intended to assimilate cases where relief is still being obtained so that these people will not be worse off than those who may qualify from the date of implementation of the new Ordinance.

Mr Speaker then 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.

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

THE EUROPEAN COMMUNITIES (AMENDMENT) BILL, 1985

HON J BOSSANO:

Mr Speaker, we have listened to the Government view on this Bill and I said in my earlier contribution on the general principles that we would not seek to make any amendments and therefore to raise matters at the Committee Stage when I said that there were no merits in this Bill as far as we were concerned because by definition the raising of matters at the Committee Stage and the making of amendments are an attempt to improve the legislation in the House of Assembly by contributions from this side of the House. We do not think it is possible to deal with this other than as a matter of fundamental principle on which

there are clearly two opposing views in the House of Assembly and therefore I have to say that we have not changed our mind by any of the arguments put forward from the Government benches, we are more convinced than ever that there are even more ramifications than are manifested in the Clauses in the Bill and that those ramifications will come to light as some of the theories of interpretation that we have had today are put to the test and therefore I can tell the Government that we can promise them unrelenting opposition on this issue. We are totally against this advancement of EEC rights and we will continue to oppose it at every stage and at every opportunity. We cannot forgive the AACR for this and we will not allow Gibraltar to forget it. We will not allow them to forget it, they may choose having remembered it to do something different but we will not allow them to forget it, Mr Speaker. For us it is clear that only when the AACR is removed from office can something practical be done to stop the rot and end the situation in which we find ourselves going rapidly downhill, hidden from sight behind the pink cloud of the Chief Minister's naive optimism and therefore in the light of that analysis we consider that the very least we can do at this stage is to demonstrate our total disconformity with the passage of this Bill through the House by departing now and therefore I am giving notice that I shall be moving the motion of which I had previously given notice at the next meeting of the House of Assembly and that we shall not remain here for the Committee Stage of the other Bills. Thank you, Mr Speaker.

MR SPEAKER:

I haven't quite understood you. You have a motion on the Order Paper and you don't intend to move it at this meeting, in other words, that after the Committee Stage of all Bills that is the end of the business of the House.

At this stage of the proceedings the Members of the Opposition left the Chamber.

Clauses 1 to 7 were agreed to and stood part of the Bill.

The First Schedule was agreed to and stood part of the Bill.

The Second Schedule was agreed to and stood part of the Bill.

The Third Schedule was agreed to and stood part of the Bill.

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

The Hon the Attorney-General and the Hon the Financial and Development Secretary abstained from voting on this Bill.

THE SUPPLEMENTARY APPROPRIATION (1984/85) BILL, 1985

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

The Schedule

HON CHIEF MINISTER:

Mr Speaker, I wanted for the record to have made a statement, I am sorry that there is nobody to listen to it on the other side but I have to make it nevertheless perhaps when we get to that Head.

MR SPEAKER:

I am not going to call the different Heads because there is no need. I am calling the Schedule as a whole.

HON CHIEF MINISTER:

May I draw your attention to the Schedule, for the record, to Item 26 - Treasury, Contributions to the Gibraltar Broadcasting Corporation - £50,474 to meet costs of the 1984 Pay Settlement, £19,474, an estimate shortfall in revenue in respect of TV licences. And the next one, Item 34 - Grant to Gibraltar Museum - £852, cost of 1984 Pay Settlement. Normally, the pay settlement for the Museum and the Gibraltar Broadcasting Corporation was drawn from the general provision made in the estimates for pay settlements but at the request of the then Leader of the Opposition who was very anti-GBC expenditure - I won't say anything more - Mr Isola said that no expenditure of any kind for GBC should come without it being itemised and I then gave an undertaking that I would do that and that is why I am still honouring that undertaking. But now, even in the absence of the Opposition, for the record, I propose that, in future, pay settlements of GBC and the Museum should come out of the general provision because when I said: "Why doesn't it come out of the general provision?", the Treasury drew my attention to a statement I had made that I would bring the matter here and therefore I propose in future to withdraw whatever commitment I had at the time and be free to call on the amount and not come for supplementaries here. We provide £1m or whatever it is in the estimates for pay reviews and these two came out of that but at the request of Mr Isola I said, alright, whenever there is a pay review in respect of GBC I will bring it here but normally if it is standard with the others and there is nothing special I don't see any reason why I should bring it separately.

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 Development Aid (Amendment) Bill, 1984, with amendments; the European Communities (Amendment) Bill, 1985, and the Supplementary Appropriation (1984/85) Bill, 1985, have been considered in Committee and agreed to and I 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.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the House do adjourn 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 5.15 pm on Wednesday the 16th January, 1985.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26 MARCH, 1985

VOL. I

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Seventh Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Tuesday the 26th March, 1985, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, LVO, 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
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 15th January, 1985, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

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

- (1) The Hotel Occupancy Survey - 1984.
- (2) The Air Traffic Survey - 1984.
- (3) The Tourist Survey Report - 1984.

Ordered to lie.

The Hon the Minister for Education, Sport and Postal Services laid on the table the following document:

The Biennial Report of the Department of Education for the period September, 1982 - August, 1984.

Ordered to lie.

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

- (1) The Accounts of the Government of Gibraltar for the year ended 31st March, 1984, together with the Report of the Principal Auditor thereon.
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 6 of 1984/85).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 7 of 1984/85).
- (4) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No 2 of 1984/85).
- (5) Supplementary Estimates Consolidated Fund (Excess Expenditure 1980/81).
- (6) Supplementary Estimates Consolidated Fund (Excess Expenditure 1981/82).
- (7) Supplementary Estimates Consolidated Fund (Excess Expenditure 1982/83).
- (8) Supplementary Estimates Improvement and Development Fund (Excess Expenditure 1982/83).

(9) Supplementary Estimates Consolidated Fund (No 3 of 1984/85).

(10) Supplementary Estimates Improvement and Development Fund (No 3 of 1984/85).

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

Answers to Questions continued.

MOTIONS

HON DR R G VALARINO:

Mr Speaker, Sir, I have the honour to move the motion standing in my name in the Order Paper.

MR SPEAKER:

I imagine that you do not wish to read the actual terms of the motion.

HON DR R G VALARINO:

Can we take it as read, Sir?

MR SPEAKER:

Yes, but I would like to ask one question. They are regulations and sub-paragraph (2) of paragraph 1 says: "This Order shall come into operation on the blank day of blank 1985". Are you passing the motion as it stands or should it read 'on a date to be appointed'? Perhaps the Hon and Learned Attorney-General will help on this one.

HON DR R G VALARINO:

It should be the 1st April, 1985.

MR SPEAKER:

I thought I would bring it to your attention unless you have a date and if you have a date you can put the date now before you propose it.

HON DR R G VALARINO:

The 1st April, 1985, Sir.

MR SPEAKER:

Perhaps the Hon Minister wishes to speak to the motion.

HON DR R G VALARINO:

Yes, Sir. With frontier normalisation it is likely that over a period of time there will be some influx of persons residing in Spain who will be working in Gibraltar. This may well include persons of UK origin, Portuguese and Gibraltarians as well as Spanish workers. It would be useful, therefore, to obtain statistical data on frontier workers in the six monthly employment survey. This data would be particularly helpful in monitoring trends, in assisting the work of my Department, the Income Tax Office and the Treasury. It is therefore proposed that the Statistics Employment Survey Order, 1971, should be amended to include a new question to enable the Government's statistician to collect data on the residential status of employees working in Gibraltar from April, 1985, onwards. Thank you, Sir.

Mr Speaker then proposed the question as moved by the Hon the Minister for Labour and Social Security.

HON M A FEETHAM:

Mr Speaker, the Opposition, of course, welcomes this motion as it reflects the policy that we have actually requested Government to pursue since before the frontier opening and will certainly assist all concerned in monitoring frontier workers. We welcome this.

MR SPEAKER:

Any other contributors? 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 motion was accordingly passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that: "This House notes the Principal Auditor's Report on the Accounts of the Government

of Gibraltar for the year ended 31st March, 1984". Last year, Mr Speaker, the Hon the Leader of the Opposition moved a similar motion in the House. In recognition of the importance which the Government attaches to the Principal Auditor's comments and to the accounts it was felt right that this year the Government should itself introduce a similar motion. One of the problems with the procedure under which the accounts are laid before the House almost a year after the year to which they refer has come to an end is that the transactions to which they refer are ageing by the time any motion is brought, nevertheless, the underlying issues raised are still relevant and important. The comments made by the Principal Auditor and the issues to which he has drawn attention can and will be the subject of further consideration by the Government which has not had time to complete this process yet and that will be done through the medium of the Expenditure Committee chaired by the Minister for Economic Development and Trade. There may also be some points to which Ministers themselves may wish to draw attention during debate or on which Members of the Opposition wish to comment. I would like to focus on one particular aspect which falls within my general area of responsibility as the Government's financial adviser and in view of the discussion we had last year and the contributions which were then made and the attention which this subject has subsequently received, it will not surprise Hon Members to learn that I am referring to the question of arrears. I said during my contribution to the debate last year that one of the problems in this area lay in a certain lack of coordination between the various parts of the Government's machine concerned with the preparation, issue and despatch of bills for municipal services and this has indirectly contributed to the problem of arrears and I am glad to say that arrangements subsequently made have led to an improvement in this respect. However, the fact that bills for municipal services are issued monthly means that the arrangements for collection are still vulnerable to delay in the issue of bills and some problems have still been incurred which interfere with what I would regard as the desirable norm, namely, quite simply, regular intervals of one month between receipt by customers of bills for the services in question. This will continue to receive attention. As the House is aware, improvements in the arrangements for collecting arrears were also made, an Arrears Section was set up which we did not have before, and the Arrears Section found itself confronted by a formidable task and a very long tail of debt - a 'tail' I mean - tail of debt by which I mean debts which extended back towards and, indeed, beyond the six-year limit about which there was a brief mention during question time this morning. One problem to which I drew attention last year was that we did not really have sufficient information about the age structure of the debt to municipal services and

this was an essential preliminary to tackling the problem. Indeed, analysis revealed that this was really the major problem for electricity, water and telephone service. I can perhaps illustrate that remark by referring to the latest information of outstanding bills for electricity and water service. The outstanding bills for a date inclusive of the March, 1985, issue amount to approximately £2.8m, I should explain that this figure does not include some bills which have not yet been received by consumers, it is an estimate and it also includes the February and March issue so there is no question of that figure, £2.8m, representing a figure of genuine arrears. If I can break down the figure of £2.8m in more detail: 1985 bills account for approximately £1m; 1984 arrears account for approximately £700,000; 1983 arrears account for £360,000; 1982 arrears account for £260,000; 1981 arrears £200,000; and then arrears for a period up to 1980 account for a further £200,000, and this is what I meant by the long tail of debt and the age structure of the debt. The comparable analysis to the telephone service reveals a broadly similar pattern. The problem has therefore been largely one of identifying the individual consumers and subscribers to whom these accounts relate over a very long period of time and this has been compounded by the fact that a large number of accounts have become inactive, that is to say, the individual or company to whom they relate has given up service or been disconnected, has moved house, has ceased trade, has gone out of business, has become bankrupt, has left Gibraltar, has disappeared or died and we are talking about thousands and not hundreds. There has therefore been a need for the Arrears Section to divide its attention on its limited resources between the collection of aged debts on the one hand and current debts on the other. I cannot speak too highly of the staff of the Arrears Section, Mr Speaker, and the way they have set about what is not a popular activity and is a difficult task. The Government is, moreover, very conscious of the fact that the adverse conditions during the past year has meant that the very circumstances which have contributed to the debts have made it that much more difficult for individuals and companies to meet their commitments. Nevertheless, there has been a small but significant improvement made in the collection of outstanding debts. To put this in perspective I think it is necessary to take the figures in the Principal Auditor's Report and the Accounts for all outstanding bills for electricity, water and telephone service at the end of 1983/84 and relate these to the total number of bills issued for that year and then to compare these figures with the latest information on bills issued and outstanding for 1984/85 which I will now give to the House. The total amount representing bills issued for 1983/84 in the case of these three services comes to a figure of approximately £9.4m, and the figure of

outstanding bills at the end of the financial year was £4.7m or just about 50% of that total. In 1985 the total amount of bills issued is estimated at approximately £10.2m and the comparable figure for outstanding bills at the end of the financial year is put at £3.8m or approximately 37%. Bearing in mind that debts went on increasing, the arrears increased until 1983/84, I think that does represent an improvement. Another point I should make is that the figure of arrears includes a very large number of consumers and subscribers who are on agreement, that is to say, that the Government has an agreement with the individual or the firm under which provided that they continue to pay current bills the Government will accept an arrangement whereby they pay off arrears at a negotiated rate which takes account of ability to pay. In the case of electricity and water, the total of on agreement accounts represents about £500,000 of the ageing debts or, roughly speaking, half of what I would regard as ageing debts. That leaves the figure, again, of the order of £500,000 or rather more which can be regarded as bad debts but I should point out that this latter figure also includes a small number of individual debts of very large amounts and these are on the part of firms with whom the Government has negotiated or is on the point of negotiating agreements under which they will pay interest on outstanding balances at a concessionary rate and similar arrangements apply to the telephone service as to electricity and water. Mr Speaker, referring again to the latter, the requirements of commercial confidence preclude me from mentioning any names but it is an open secret that one or two may be expected to benefit substantially from the influx of tourists to Gibraltar following the full opening of the frontier. Indeed, the improvement in trade and in tourism and the economic conditions, generally, is something which should make it easier for the poor prospector to pay off his debts to the Government. The Government has in the past, Mr Speaker, been prepared to temper financial discipline with humanity in the case of individuals and also sympathy for the difficulties of trade and commerce in trying times but it cannot continue indefinitely to act as financial nanny when the circumstances no longer call for such assistance and the poor prospector can be expected to enjoy a substantial increase in turnover in trade and, indeed, profits. To sum that up, Mr Speaker, there has been an improvement in the collection of bills for municipal services and a reduction in the arrears, the Government looks to further improvement during the next financial year but it will be necessary to write off a proportion of bad debts and the information I have given, the figures I have quoted to the House, don't include the amount which will be considered necessary to write off this year but that is the subject of a Bill which is to be introduced to the House and the Supplementary Appropriation Bills refer to this, Mr Speaker. The

position on rates is not as good as it ought to be and the amount at 31st March, 1984, shown in the accounts increased from £705,000 to £848,000 at the latest estimated date which represents an increase from 28% to the end of last year to about 29% of the total rates issued in annual terms and there is clearly scope for improvement here. One of the difficulties, of course, with the collection of rates is that the action at the Government's disposal, the action which the Government can take in respect of arrears of rates is less immediate than the case of electricity, water and telephones. One cannot cut off rates and pursuing debtors through the machinery of the Courts, obtaining judgement and enforcing judgement debts is time consuming, costly and not always effective. If I can now refer briefly to income tax. I think the problem of income tax is mainly one of slow payment. It is not as straightforward a matter as the collection of municipal debts for electricity, water and telephones although one might query a meter reading the actual assessment of tax liability is essentially a more complicated matter, it involves in many cases a dialogue between the Commissioner of Income Tax and the taxpayer and there may be more than one assessment, the Principal Auditor himself has referred to this, he has referred to the assessments issued under Section 49 where an individual has failed to make a tax return and of course there may be more than one assessment arising out of this so I think the figure of arrears are perhaps a little inflated by comparison with that for the municipal debts. Nevertheless, if I may give the House some information about the progress which has been made with the arrears reported of £2,136,276.58 at at 31st March, 1984, a reduction of approximately 50% in these arrears has been achieved by action subsequently and of the remaining 50%, one is talking about company balances, individual balances, PAYE and so on, 90% of company balances are awaiting Court action and the remainder are being followed up. Of the individual balances approximately half of these are awaiting Court action and the remainder are being followed up or are the subject of assessments raised under the provisions of Section 49 of the Ordinance. As regards PAYE, that is PAYE which has not been handed over, the figure of £205,000 represented at the 31st March, 1984, that was reduced by action on the part of the Commissioner of Income Tax to £66,000 by the end of 1984 and of that virtually about 90%, in fact, is awaiting Court action, that is to say, they are being pursued through the Courts and the remaining 10% is being followed up. I think the position on income tax is well in hand, Mr Speaker. With those few comments I thank the House for their courtesy in listening to me.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Financial and Development Secretary.

HON J C PEREZ:

Mr Speaker, I hope that the opening remarks of the Hon Member that because we had moved a similar motion last year he is moving it this year does not in fact create a precedent in that all the motions that have been defeated in the House which have been presented by us will in the coming year be presented by the Government and supported but I take the point that it is about the Auditor's Report and that it is taking note of the Report and that it is a different matter. Notwithstanding that I think I found it strange that the Hon Member has moved this motion so soon in that we took note last year of the Hon and Learned the Chief Minister's comments that he thought we had raised the motion too soon after the Auditor's Report had been published and had the Government not moved this motion I am sure that the Opposition would have waited some time before doing so because of the comments of the Hon and Learned Member last year. I am not going to deal with a lot of the issues that have been raised by the Hon Member because I haven't had a lot of time to study the Report myself having only arrived from the UK last Sunday but I am sure that my Colleague, the Leader of the Opposition, will be able to deal with these points. Notwithstanding that I think I ought to be somewhat critical of the Auditor's comments on the Electricity Undertaking if one compares it with his comments last year on one point only, that whereas last year he was more specific on the question of Hawker Siddeley and he in fact pointed out that the waiver of income tax was in conflict with the provisions of the Income Tax Ordinance he did also point out that he thought that this ought to be charged to the Electricity Undertaking Fund. I take note that the Auditor is saying that the secrecy provisions of the Ordinance preclude him from being more specific on this matter but one is not sure how the issue was settled and the Auditor, I believe, was more specific last year in pinpointing what the actual problem was. One is not sure whether the income tax has been charged to the Electricity Undertaking Fund or not and one is not sure whether it has been settled in a different manner. I would certainly hope that a Bill which is to come in front of us later as an amendment to the Income Tax Ordinance to exempt from tax the emoluments, inducement allowances and grants paid to certain individuals recruited from outside Gibraltar have nothing to do with Hawker Siddeley. Mr Speaker, on the Public Works Department I again take note of what the Auditor says in relation to the unsatisfactory internal control of the operation of the Stores which is something that he has been pointing to for a very long time and it seems that nothing is being done between one Report and another to try and alleviate the problem. I would hope that the Government during the year takes a look at the situation so that we might

be able to avoid that the Auditor should have to refer back to the same issue in his Report next year. On the last point that I wish to raise which is the Post Office Savings Bank and Philatelic Bureau, I note the complications of collecting fees on wireless telegraphy licences and I also note that the Auditor has said that an additional Executive Officer has been appointed to that establishment. One doesn't know whether it has been a transfer from another Government Department but what one should perhaps make sure is that the cost of that extra officer is not higher than what the loss in revenue in collecting the licences actually is at the end of the year. Those are my only comments, Mr Speaker, thank you.

HON A J CANEPA:

Mr Speaker, Hon Members opposite will recall that the procedure for dealing with the Principal Auditor's Report once it had been debated in the House was for the then Public Accounts Committee to set itself up in what I would call its inquisitorial role and direct their attention chiefly at certain unfortunates in the Public Works Department in particular. Hon Members opposite will recall that after the general election last year they were disinclined to participate in a similar arrangement and therefore what we did on the Government side was to set up a small Committee that would partly and only partly fulfil the role of that Public Accounts Committee. This Committee I have the honour to Chair, it is known as the Expenditure Committee, the other members of it are the Hon Mr Featherstone and then there are three officials, the Establishment Officer, the Finance Officer and the Principal Auditor himself. Perhaps I should explain the procedure that we adopted in dealing with last year's Report. It is the practice for His Excellency the Governor to ask the Heads of Departments whose Departments are singled out for comment in the Principal Auditor's Report to explain what are the reasons for the comments that have been made about their Departments and what we did was that my Committee sifted the explanations that were submitted by the Heads of Departments concerned and having sifted them we selected three or four in order to require the Controlling Officers to appear before my Committee and gently take them, unlike the days of Torquemada, gently take them through the comments which the Principal Auditor was making. We concentrated on three or four and during last year we spared the Public Works Department, we thought that they had been too much the subject of interrogations and that at least for one year they could be let off. We went through what we considered to be the most important comments in the Principal Auditor's Report and then produced a report for submission to Council of Ministers making a

number of recommendations. One of the areas that we concentrated on was the problem that the Income Tax Office was having in following up the question of arrears, mainly for two reasons perhaps. First of all, a considerable turnover of staff at the level of Clerical Assistants and, secondly, an over-preponderance of female staff at the level of Executive Officer, married women who were reluctant for family commitments, who were reluctant to work overtime in the evenings enabling the Department to catch up on the question of arrears. We recommended that a separate Arrears Section should be set up strengthening the Department in this way, we have asked the Establishment Officer to be careful about deploying married women who are Executive Officers or above to the Income Tax Office and we are also in the process of asking the Establishment Officer to review the recruitment policy of the Government at the level of Clerical Assistant whereby that is the point of entry, it is at that level that we recruit and that perhaps it should be widened so that there is also direct entry at the Clerical Officer grade because apart from this turnover that I have mentioned, we have a bottleneck situation. I think the Government employed something like seventy Clerical Assistants as against about 250 Clerical Officers so it is a very great imbalance and if your Clerical Officers are all going to come from the grade of Clerical Assistant and there are only seventy there, you have a serious situation and what is happening is that they are coming in as Clerical Assistants with very good qualifications and within a month or two or three months they move on and in fact a Department like the Income Tax Office does need four or five Clerical Assistants who are good Clerical Assistants and only good Clerical Assistants otherwise within a few months they have to train another group of people and there is filing to be done, there is varied work which you need a Clerical Assistant to do and only a Clerical Assistant. We have recommended a strengthening of the staff and the setting up of an Arrears Section. As regards other arrears and municipal arrears in particular, I have got rather strong views about these matters and as Minister for Trade I have felt that the trade in Gibraltar has gone through about four or five very difficult years and I do not believe for a moment that in the seven weeks since the frontier opening the improved business that is evident around Gibraltar has already lead to a dramatic improvement in their fortune but the signs are there and over a period of time business and trade in Gibraltar is going to benefit considerably. Whilst I do not think that in seven weeks they can get out of the red into the black, the prospects are now there and one would expect the Financial Secretary has made reference to negotiated agreements - one would expect the generality of traders and business concerns in Gibraltar who do owe the Government substantial arrears to be able to enter into realistic agreements with a view to wiping off these

debts over a reasonable period of time. I have strong views in particular, which I have voiced in the House before, about arrears under the telephone service in respect of, for instance, hotels. If the hotel occupancy figures have increased dramatically and are going to remain very high, if arrangements are not made by the hotel to hand over to the Government the money that they collect from the use of the telephone in particular for overseas calls by their client, then the debt is going to increase even greater because there are more clients using the service to a greater extent. These are matters on which the Government cannot contemplate any excuses, we cannot allow any excuses to be made and if people in such a situation do not meet their commitment regularly, I have no doubt that the Government will have to contemplate taking drastic action. It is unfair otherwise, it is immoral to allow such a situation to be perpetuated so what I am saying is that the Government is prepared, I think, to give people a reasonable period of time so that as their fortunes improve they should be in a better position to meet their arrears provided that they keep up with current commitments. That is a sine qua non, I don't think that the Government can any longer bend over backwards as we have been doing for a number of years in order to ensure that business did not collapse and they would have collapsed and the economic and social impact and repercussions of that would have been very serious for Gibraltar. They have kept going but we cannot bail them out any longer and I hope that the message will be loud and clear. Given a reasonable period of time, the Government will expect realistic arrangements to be made otherwise in respect of the telephone, in respect of electricity, in respect of water, there can be no reason for drastic steps not to have to be taken because the alternative is that the debts are going to increase and I hope that the fact that bad debts are being written off in this meeting of the House, that the wrong signal doesn't get out, I think it is necessary that the wrong signal should not get out so that people can think that they can get away with it for a number of years and that eventually those bad debts are going to be written off. I am very concerned about what the Financial Secretary has said in respect of rates because if we are going to have an improvement in the telephone, in the electricity and in the water accounts where the Government can apply sanctions but in respect of rates the only sanction we can apply is a 5% penalty and if they don't pay what does the 5% penalty matter because they don't pay that as well. I think we must ensure that the Court procedures are prompt and I would hope that we don't get the kind of situation that one reads about that people who owe on the PAYE system thousands of pounds are allowed by the Court very modest arrangements for repayments, this is farcical and if that is what is going to happen I think serious executive action

is going to have to be contemplated and I think that the question of rates must be the subject of further soul searching on the part of the Government, I think we have to give our attention to this particular point and make sure that there isn't an escalation in the amount of debts. With those thoughts, Mr Speaker, that is the extent of my contribution. I think the way that the Principal Auditor's Report is now being dealt with is a much more realistic approach, it is a much more sensible approach and, quite honestly, I don't think that there is a great deal of point in four Members of the House of Assembly meeting over twenty times a year, generating a great deal of gas in those meetings and then have reports being brought here to the House at very high levels of overtime, let me say, levels of overtime which were sometimes in excess of the savings which if those recommendations had been implemented would have been realised. Thank you, Mr Speaker.

HON R MOR:

Mr Speaker, in noting the Auditor's Report I would like to make observations on the arrears of revenue and on the Education Department. As regards the arrears of revenue I find it rather astonishing that the debt of £5m should have now increased to £6.5m and I would tend to criticise the overall policy adopted by the Government in the collection of arrears. We know that the main bulk of this debt has been due to hotels and big businesses and, possibly, self-employed persons not having paid their bills and in this respect I think there is a moral issue involved as regards the general policy of the Government because on the one hand they have been protecting the biggest debtors of this debt and on the other hand people who have been on a very less fortunate position financially than hotels and big businesses have had their electricity and water cut off because they have not paid up their bills and in many cases recently there have been lots of people receiving warning letters from the Government. Mr Speaker, I think the Government must show responsibility and must treat all people equally. You cannot in any way adopt a position where you defend, in whatever manner, a situation where hotels and big businesses owe big amounts and yet any individual and in some cases because of my contact with the Department of Labour and Social Security I come across lots of cases where these are people on very low pensions and on all sorts of benefits and they do have the electricity and water cut off and, in fact, some of them are still chasing up the Department because I think it is immoral that all these businesses and hotels have got away with their debts and these people are being penalised. As regards the Education Department, Mr Speaker, there has been an observation by the Auditor as regards the stores control and he makes reference to the fact that in his previous Report he had raised this matter and

that nothing had been done about it and at the end he said that the matter was brought to the Director of Education's attention in June, 1983. Mr Speaker, I made some enquiries as to why this was happening and I was told that the staff at the Education Department were heavily loaded with work and there was no way that they could improve the control of stores. If you recall, Mr Speaker, not so long ago when we were discussing the transfer of the Collège to the Gibraltar Government, I did raise the point that the MOD employers should be transferred with the job and I was told by the Minister for Education that they would be handling the College through a centralised system in the Education Department. Well, if the staff is already overloaded with work as seems to be the case, then I think that that excuse given earlier by the Government is really not on at all. The other observation I have on the Education Department, Mr Speaker, is the loss of a substantial amount of water as a result of a major leak at the Girls' Comprehensive School. We are now given a sum of £40,608 which is still pending and I think this House is owed an explanation as to what is happening and whether that money will be recovered or not. Thank you, Sir.

HON J BOSSANO:

Mr Speaker, the first point I would like to make is that we are slightly surprised by the fact that the Hon Financial and Development Secretary has introduced the motion because last year I gave an undertaking that we would not do so in deference to the point made by the Hon and Learned the Chief Minister. On page 68 of the Hansard of March, 1984, Mr Speaker, I said that of the comments made by the Government side the only one that we accepted had some validity was that the motion had been brought too soon after the publication of the Report, that was the only point we accepted which is precisely the point that the Hon Financial and Development Secretary has totally ignored this time round so I was rather surprised to find him doing it because in fact, I said: "I think there is only one point I would like to make and that is 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" - that is, to do their homework and be able to give us answers. We accepted that they had an element of logic on their side in saying that they had had hardly sufficient time to study it and therefore, as I say, having accepted the point made by the Hon Chief Minister, having said we would not put them in the situation of asking questions which they wouldn't be able

to answer because we hadn't given them enough time, we now find that the Hon Member is asking the House to note the Auditor's Report and I think that although in introducing it he said that he was doing it in order to show how highly or how much importance the Government attached to the Auditor's Report, quite frankly I don't think that washes at all because I cannot believe for one moment that the fact that they didn't do it last year implied the converse, that is, that last year they didn't attach importance to the Auditor's Report and that is why they didn't bring a motion to the House. I think if we are asking the House to note things then we bring the attention of the Government to the things we want them to give us answers on. If the Hon Financial and Development Secretary is asking the House to note the Report what particularly in the Report does he want us to note, what are his criticisms of the Government that he wants us to take account of? Perhaps he is going to say that in his final reply but certainly that is the purpose as far as we are concerned of bringing a motion asking the House to note the Report. It is not a motion of censure on the Government but it is a motion where we highlight the things that we think on the Opposition the Government should pay particular attention to.

HON CHIEF MINISTER:

We will take in turn each year.

HON J BOSSANO:

We can switch over to that side each year in turn, is that what the Hon Member is proposing? Apart from that, I think, Mr Speaker, the Hon Member in asking the House to note the Report has simply confined himself to the question of the progress on the collection of arrears which certainly was something to which we drew attention last year and which we highlighted last year as a matter on which the Government had to come up with answers because, clearly, the situation is that even now, even after last year, the position at the end of 1983/84 is a deterioration on the position at the end of 1982/83 and if we go back through every Auditor's Report we find that every Auditor's Report with monotonous regularity makes the same criticisms going back as long as I have been in this House - thirteen years - every year the same criticisms and the year after they say: 'There has been no progress, we have got an amount of debt there which is inactive accounts' - and which apparently something is being done about the inactive accounts but it seems incomprehensible how the inactive accounts got to being inactive in the first stage without anybody noticing it because certainly I can tell the House that the people who come to me with worries about their arrears are people who I have known, who have sent a warning saying that the electricity is

going to be cut off or the water is going to be cut off if they don't pay up and they may owe only £20 or £30 or £50 or £100. It may be that this is done with regularity and, possibly, the small consumer, the elderly persons and so on get frightened by a notice and somebody owing £1m just throws it in the waste paper basket, doesn't pay any attention to this and nothing gets done. That may be why in some cases the big businesses seem to get bigger and the small ones seem to be the one that respond most to any threat of action before the action is implemented. The Hon and Learned the Chief Minister last year made a point of saying that the question of the collection had to be tempered with humane treatment and we agree entirely that this is valid in terms of the domestic consumer. We have had cases where there has been correspondence between my Hon Friend, Mr Mor, and the Government on some unfortunate cases of people on supplementary benefits, with young children, and threats of water being cut off and what do they do? If the water is cut off and you have got a young child what do you do? It had been cut off, in fact, and it still is cut off. So I think when we are talking about humane treatment that is where we think humane treatment has got to be shown. We certainly think that there are areas where there is clearly abuse taking place and the two areas that we identified last year and we certainly welcome the fact that one of them seems to be progressing rapidly towards having the situation eliminated which is the question of PAYE where I drew particular attention because I think it is one thing for an individual consumer or taxpayer to go through a bad patch and not be able to pay up his debts and there it is a matter of judgement whether you stand to lose by enforcing the situation or you stand to gain by doing the opposite and giving the person a breathing space and a chance to recover and pay when his fortunes are better and another thing is to allow somebody to collect something that belongs to the Government on behalf of the Government and then to pocket it. That is totally indefensible and as I mentioned last year there have been occasions where people having paid then find, in fact, I have been in correspondence with situations even during the last twelve months, Mr Speaker, where some people who had come to arrangements with the Government on the payment of arrears, when the arrears was not their money, was their employee's money, there were a couple of cases where at the close of the financial year some people had taken employment in the Dockyard having worked previously in the private sector and they then found that they had a tax rebate due to them which the tax authorities accepted was due to them but which the tax authority could not pay back to the worker because the employer had not yet paid the tax to the tax authority although the tax was two years old and the tax was due to arrive eventually through this arrangement on catching up arrears. So you had a situation where, for example, in

1981/82 the worker had the money taken from his pay packet and in 1984/85 he could not, having been given his final assessment, he could not recover the over-deduction because the employer had not yet passed it on to the Government and although the Government accepted that the money was due back they said: "We cannot give it to you, we haven't received it". This was happening last year, in the last twelve months. I am not saying there are hundreds of these cases but, quite frankly, there should be none at all because the person concerned feels that he is being subjected to highway robbery, a number of these people were immigrant workers, some of them had been taken on casual in the Naval Dockyard prior to its closure, they knew they were going to get the sack at the end of the year and there was money owed to them and they said: "What kind of place is this? My employer takes more tax from me than he should, he then keeps it instead of giving it back to the Government, the Government then admits that they owe it to me, I want to pack my bags and go back to my country and I cannot get my money back, I cannot get my money out of this place". I think it leaves a very bad taste behind and quite frankly I would have thought that if the Government has got limited resources at its disposal in terms of the machinery of Government they ought to really concentrate their resources in those areas where the default of non-payment is most reprehensible and I think certainly PAYE arrears is a clear-cut case as far as I am concerned and I certainly think the one the Minister for Economic Development has mentioned is a parallel. If the consumer in the hotel or wherever pays his bill and in that bill is included the charge for telephones which quite often carries with it a surcharge which means that the actual hotel owner makes a profit on the service the Government provides to the actual guest, it is bad enough that they should keep the element of profit but not that they should keep the whole thing and be able to make money on it simply by either reducing their overdrafts or investing it in a bank and waiting until they are on the verge of being prosecuted in order to pay up. I think those two areas, certainly, require priority and I am glad to hear from the Financial and Development Secretary, Mr Speaker, that the PAYE situation seems to be on its way to being eliminated because it is completely indefensible, the money belongs to either the worker or the Government but certainly not to the intermediary. I think, passing from that particular aspect, the arrears of rates and the question of the arrears on the Funded Services, we have a situation which I drew attention to last year and to which the Hon Member has not made any reference and which I have mentioned, I think, in some of the meetings of 1984 when we have dealt with the question of the accounts and the presentation of the accounts and that we have an anomalous situation. I accept entirely the point that has

been made on successive occasions about the tax yield based on assessments not being a clearcut situation where you can say because the Commissioner of Income Tax sends out an assessment it means that that is a final assessment because people then come back and claim allowances that they have not claimed or whatever and therefore the bill can be completely different. But this is the only area where there is this element of an unknown quantity between the initial assessment and the final assessment. In the rest, where the assessments on rates and so on are presumably not negotiable, the rateable value is the rateable value, period, and once the time limit laid down in the Ordinance for the person to object to the rateable value is passed then there is nothing they can do about it, presumably - we shall find out more about that in a motion that is down on the Order Paper - presumably, they won't be able to do anything about that until the following year. If that is the case then one of the peculiar situations that we find in today's presentation of the accounts as compared to the pre-1976 situation when the Funded Accounts did not exist, is that some arrears of revenue are included as having been collected in the Consolidated Fund and some are not and therefore there is an inconsistency of treatment, that is to say, the arrears of electricity, water and Government domestic rents are included as part of the Government's assets in the Government's reserves in the Consolidated Fund whereas, for example, the rents on leases which has shown a 100% increase in arrears is not included and I think that is a peculiar situation in that if one is making an assessment of the real financial position at any given point in time either one has got to knock out all the arrears, in my judgement, or one should include them all in order to get a realistic picture of being able to compare like with like, particularly if one is taking a longer term view and seeing how the position of the Government in relation to its reserves and its debts and its revenue and expenditure on the recurrent budget compares from one year to the next. I have, in fact, been in correspondence with the Hon Financial and Development Secretary on this matter because I thought it was desirable to try and find a way of extracting the arrears from the actual figure in the Consolidated Fund and show what the position in the Consolidated Fund was net of arrears, a figure which I think he has been somewhat reluctant to divulge on a number of occasions arguing that the net liquidity position of the Government was one where you had to take into account the balances in the Improvement and Development Fund and so forth. But that is not the point, the point is that if we are using the Consolidated Fund today and comparing the position of the Government today in assessing its ability, for example, to meet increases in expenditure which we might think is desirable, then a legitimate way to do it would be to say.

"Well, how does it compare to the situation five years ago or ten years ago when so much money was being spent and there was so much money in the kitty". And, of course, in the kitty ten years ago the amount of money was the amount of money, it was not the amount of money plus £4m of unpaid bills. The £4m of unpaid bills might be there but they were not counted as being in the reserves until they were actually collected and to the extent that that was changed by the creating of the Special Funds, I think it has masked the weakening financial position by creating an appearance of a stronger reserve position than has actually existed compared to the past and I don't think that was ever the intention of the creation of the Funded Accounts. The intention of the creation of the Funded Accounts according to the budget speech made by the Hon and Learned Chief Minister in March, 1977, was that we should have a move towards accurate accounting standards which in fact most of the experts who have looked at the situation of the sort of trading funds have recommended and are still recommending as something that is required and which we ourselves believe it is very important to do and I think we need to stress this, Mr Speaker, because in the context of looking at arrears, for example, I have argued with the Hon Member, the Financial and Development Secretary, that if you have got a situation where you start off at the beginning of the year with the reserves of the Government including, for example, £1m of unpaid telephone bills and you finish the year with the reserves of the Government showing £1m of unpaid telephone bills then it is reasonable to assume that throughout the year the telephone account has in fact been operating with what amounts to £1m overdraft from the Consolidated Fund for which there is no charge and to the extent that we want to see what is the total true cost and this is what we believe needs to be done and it is what from the information available to us, from the Housing Report that was given to us by the Government a week ago, the 1983 Report by the ODA consultants, the Report produced by Coopers and Lybrands on water and electricity, all of them recommend the policy that we have been recommending for some time now which is that it is essential if you are going to make decisions about allocating resources that you should have as accurate a picture as possible of the actual true costs and then it is a matter of political decision how you actually finance it. If you say: "The Government as a matter of policy is going to decide that senior citizens who are living on their own should have free telephones", that is fine, you know what you are doing, you vote the money and the telephone account as if it were a telephone company, I think it has to be treated as if it were a Government owned telephone company which has got a client relationship and where the Government decides to subsidise part of its consumer base but the accounts must show the

true cost of telephones because then the Government must decide in terms of allocating scarce resources what are the pros and cons of allocating some of those resources into telephones or water or electricity or what have you. The situation on the arrears is a vitally important part. If you have a situation, Mr Speaker, where we had each of the Funded Services having to operate on commercial lines, then the arrears position of each of those Funded Services would be, in fact, reflected in a situation where the electricity would have an overdraft, the telephones would have an overdraft, the water would have an overdraft and each of those overdrafts would carry an economic cost which today is being borne by the Government through loss of income to the Consolidated Fund, that is, the money that is being advanced in the advances in the estimates. In the audited accounts, Mr Speaker, we have a breakdown, I think it is statement 13 if my memory doesn't fail me, Mr Speaker, it is in fact where it shows the relationship between the Special Fund and the Consolidated Fund and there are some Special Funds that are in surplus and there are some Special Funds that are in deficit. The Finance (Control and Audit) Ordinance lays down rules as to how the income derived from the investment of the surpluses should be allocated. Again, I have been in correspondence with the Hon Member where we disagree as to how the income that might arise out of the investment of the surplus on the Improvement and Development Fund, whether that should go to the Improvement and Development Fund or the Consolidated Fund, but if we look at the statement which is Statement 12, we have a situation where each of the Special Funds is then shown as being in surplus or in deficit and then the surplus or the deficit is either credited or debited to the Consolidated Fund. Taking Statement 12 for 1983/84, Mr Speaker, and 1982/83, that is, the current audited accounts and last year's audited accounts which we asked the House to note, there we see this banking relationship that I am talking about and that is where the significance of the increase in arrears comes to the surface because if we look at the first line of that page which is page 74.....

MR SPEAKER:

With respect, I think that we are getting away from the point at issue. You are discoursing in the way that the accounts should be prepared and not in the manner the arrears should be collected.

HON J BOSSANO:

I think what I am doing is what the Hon Financial and Development Secretary wants me to do which is to note the Auditor's Report for 1983/84 and I am noting it particularly in respect

to page 74, Statement 12. Having been asked by the Hon Member to note it I cannot turn down an invitation like that, Mr Speaker.

MR SPEAKER:

May I ask, have you still got a long time to go?

HON J BOSSANO:

I think I have got a fair while, yes.

MR SPEAKER:

I think we will recess for tea then.

The House recessed at 5.25 pm.

The House resumed at 6.00 pm.

HON J BOSSANO:

Mr Speaker, I was drawing the attention of the House to Statement 12 on page 74 which is where the changing situation between 1983/84 and 1982/83, that is, between the accounts that we considered in a similar motion a year ago and the accounts we are considering today is shown in terms of the impact it has on the Consolidated Fund. We have seen, of course, the Consolidated Fund itself coming down in nominal terms in the intervening period. Whereas the figure in the Consolidated Fund in 1983 was £11.9m, almost £12m, in 1984 it was £7.75m and at the same time the amount available to the Government within that figure has been reduced by virtue of the relationship between the Consolidated Fund and the Special Fund where the main arrears of revenue exist, that is, telephones, water and electricity, clearly, are the major areas on page 74, Mr Speaker, and this is, I think, the importance that we want to emphasise in noting how the arrears position pointed out by the Auditor effectively means that if one translates it to the end of this year, that is the position at the end of this month, appears to be one where the actual amount in the Consolidated Fund is now reduced again in nominal terms to something in the region of £3.6m, this is what we shall see, that is, a year from now, Mr Speaker, we shall be getting an Auditor's Report that tells us what is the situation today and I am saying to the House that in looking at the situation in the accounts of twelve months' ago and in looking at the situation in the accounts of twenty-four months' ago, we see the real seriousness of the position of the Consolidated Fund in that the Consolidated Fund is coming down and the number of unpaid bills in it is going up and if one considers

the position today net of unpaid bills as it would have been presented before the Funded Accounts were shown separately when the bills were only taken into account as revenue, when they were paid rather than when they were issued, we would then today be saying: "There are no reserves, the balance in the Consolidated Fund is either nil or minus". The situation has been masked by a change in accounting practice which doesn't change the real financial position. The change in accounting practice created by the setting up of Special Funds, the setting up of the Funded Services in 1977 was intended to create a more accurate picture for the trading funds of the Government. In practice what it has created, if we look at the accounts in front of us today, is a situation where the Consolidated Fund balance consists entirely now of unpaid bills and nothing else. How can the Government defend that position any more? I would draw the attention of the Hon Financial and Development Secretary who wants us to note the Auditor's Report.

MR SPEAKER:

With respect, the Government have defended their position before and we are not trying to do that now. What we are trying to do now is to take note of the accounts as they have been approved, as expenditure and revenue were approved previously. I think we are really expanding the orbit of the debate.

HON J BOSSANO:

Mr Speaker, I am afraid I don't agree that we are expanding the orbit because as far as I am concerned if we are noting the Auditor's Report, one of the inferences in noting the Auditor's Report is how does what the Auditor have to say, how does the audited accounts of the Government of Gibraltar now in front of us for their first year since we have been in this House, how does that compare with their defence of the situation in the past? Whereas until now we have been dealing with estimates, here we have got audited accounts and the audited accounts tell us, on page 8, the Auditor mentions the fact that notwithstanding the provisions of the Loans Empowering Ordinance (1984/88) - which we opposed recently - the position is that the Government will not actually have a cash flow problem because of borrowing for recurrent expenditure but he says, in what I consider can only be thought as the least offensive way of saying it, that is the most in-offensive way of saying it is to say that 'the risk will not be insignificant'. Obviously, the Auditor may have to measure his words but we don't and in noting the Report we would say that that is an understatement to say that 'the risk will not

be insignificant'. Unless we are entering an era where the Government's cash flow is going to be materially improved either by the business community paying up arrears which in some cases appear to go back to 1981 or because the Government itself is able to collect revenue from other sources, whether it is St Michael's Cave or whatever it is, unless that situation changes in that case one must consider that in the light of the Auditor's Report, in the light of the comments of the Auditor, the Government should think seriously about whether they ought to proceed with making use of the powers that they obtained under the Loans Empowering Ordinance, whether they ought to be making use of those powers given the reservations that we have clearly stated in this House and given the reservations which I submit are implied in the comment of the Auditor who says that the cost of using borrowed funds to maintain a positive balance in the Consolidated Fund balance and to bridge the gap between recurrent revenue and recurrent expenditure will involve a cost which will not be insignificant in avoiding cash flow problems. If, in fact, the cash flow situation changes then I would submit that the risk if it is not there then the cost can be avoided and if the cost can be avoided the Government ought to think twice about proceeding with borrowing this money because I think it is something that the Government may have felt at the time that they had no choice because they could not see an improving situation. If they see an improving situation now then I submit, Mr Speaker, that the policy embarked on last year requires review as indeed the Hon and Learned Chief Minister has agreed to review the question of the Quarry Company applying for cement because we are in a new situation. I think if we are in a new situation there are a number of other things that need reviewing. In moving, therefore, Mr Speaker, towards a position where the Funded Services and the Special Funds and I think this is relevant, again, in a situation where we have had exchanges at question time, for example, on the question of the Shiprepair Company where the Hon Financial and Development Secretary has said we will have an opportunity to see that when the accounts of the company are brought to this House. Well, before the accounts of the company are brought to this House, presumably, we shall have the Special Fund, that is, the payments into the Special Fund and the payments out of the Special Fund that was created by the Ordinance setting up the Gibraltar Shiprepair Special Fund. In questions on the costs of the Post Office, the Hon Financial and Development Secretary referred us to the accounts of the Post Office which are shown separately in the audited accounts and that is quite true but the situation is that what we have in front of us in the audited accounts is what it cost the Government to run the Post Office in 1983/84. In two or three weeks time we shall be shown what it cost the Government to run the Post Office Savings Bank and the Postal Services in 1985/86.

MR SPEAKER:

1984/85?

HON J BOSSANO:

No, 1984/85 we have got the revised estimates but we will not have the segregation of the banking side available to us until two years time which is when it appears as a separate thing because the only Special Funds for which the House is given estimates of expenditure are the Funded Services and the Improvement and Development Fund. Although there are a number of other Special Funds, the only Special Fund where we get an estimate of revenue and expenditure at the beginning of the year are the Housing, Electricity, Water, Telephones and the I & D. The Post Office as a Special Fund we have no projection of expenditure of and we have no revised estimates of expenditure of, what we have are the final audited accounts which we get, as I say, a year later and it is a question simply of looking at the historical situation. I think if the Hon Member was trying to persuade us that there was no need in the forthcoming estimates of expenditure to segregate expenditure on Postal Services from expenditure on running the bank and we are suggesting this purely because we believe that the philosophy of the Government ought to be one that is consistent with what they themselves have said in the past of trying to identify areas where it is possible to see revenue and expenditure because if you are going to have trading funds and the Post Office Savings Bank, surely, is as much of a trading fund as the Telephone Service is, why shouldn't we have an accurate assessment at the beginning of the year of how the Government is planning to finance the bank and what profit it expects and, equally, I think if the House is going to have to wait for the audited accounts of the Gibraltar Shiprepair Limited and no one knows when that will be, we have got no idea when the company intends to close its accounts or how long after they are closed they will be presented to the House but, certainly, there is a Special Fund from which that money comes and I would put it to the Government that they should bring along in the estimates and presumably next year in the audited accounts for 1984/85 there will have to be a new Special Fund shown which will be the Gibraltar Shiprepair Special Fund. I would imagine that that will have to happen because that Special Fund, presumably, under the Finance (Control and Audit) Ordinance will have to have its closing date for the accounts at the same time as all the other Special Funds to coincide so we shall be able to look at that a year hence but I think it is desirable, Mr Speaker, that information on those Special Funds should be available to the House in the forthcoming budget estimates when the estimates of expenditure and revenue for 1985/86 are presented to the House. In looking at the

audited accounts in terms of some of the comments made by the Auditor, I think we have got again a situation where the Auditor last year made some comments on the question of contractual payments being made and the position as regards the income tax liability not having been considered prior to such contractual payments being made. It was made in relation to the Hawker Siddeley Power Engineering contracts and we ourselves have raised it in the context of the management contract that existed in respect of the Gibraltar Quarry Company prior to a locally engaged manager being recruited. At one stage it appeared as if we were going to get some information and then subsequently the Financial and Development Secretary indicated that he was not able to give us the information and the same thing happened with Hawker Siddeley and yet we have got a Bill in this House, Mr Speaker, down for First and Second Reading today, presumably, which makes a reference to tax free payments to persons employed in Government-owned companies which presumably includes the Gibraltar Quarry Company. Having been unable to obtain information we are now asked to pass legislation, presumably, legalising things retrospectively on which information has not been available. I think the value of the procedure that we are now following in debating the audited accounts rather than in referring them to a Public Accounts Committee of the House is precisely in that we are concerned with matters of policy and only refer to matters of detail to the extent that we consider that they are relevant to illustrate points of policy and this is all that we are doing because the point is that it is a matter of policy whether it is possible to negotiate tax free allowances or tax free salaries and it must be a matter of Government policy that must apply universally in Gibraltar and it is also a matter of policy how you handle arrears and it is a matter of policy how you deal with your Special Funds and it is a matter of policy whether you have trading accounts which you treat as trading accounts or whether you just treat it as part of Government expenditure and it is in the context of this that we think the comments of the Auditor are pertinent and it is in this context that we consider that the motion is worth supporting and we will vote in favour for it in that spirit.

MR SPEAKER:

Any other contributors? I will then call on the Hon Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I intend to be very brief, Mr Speaker, and I don't wish to attempt to answer all the points which the Hon Leader of the Opposition has raised. Just in passing, I think I would

comment on a point which the Hon Mr Mor made. I think he exaggerated slightly in saying that we know where that debt comes from, that it is mainly the hotels. I don't think that is quite true, I may have slightly misrepresented him but I would point out to him that we don't have a thousand hotels whereas the figure I mentioned earlier was a thousand inactive accounts. It is not something which is confined to hotels nor is it always the individual who is clobbered. On the other hand I do admit that it is the debts of some of the hotels which are the largest but, having said that, I should also point out that it is these particular accounts which are the ones which are liable to pay interest on the outstanding balances and we haven't asked any individual consumer to do that yet and I hope we won't. As far as the Hon Leader of the Opposition's comments are concerned, I don't think that he and I will ever agree on the analysis of the Government's accounts. I do think that many of the problems which he has referred to arise because of the consolidation of the accounts for municipal services and those of the Government, you are in effect consolidating trading accounts with cash accounts. I think that is a very difficult operation and it does give rise to the hybridity of the accounts which I think underlies a great number of the Hon Member's representations. As regards his final comment, really, about the Principal Auditor's references in paragraph 5 and, indeed, 6 of his Report, on the Consolidated Fund, well, of course, I think with respect to the Principal Auditor his comments there that if the downward trend in the value of the Fund continues and substantial progress is not made over the collection of public revenues, particularly in the cases of the Funded Services, there is a growing risk that the Government could face cash flow problems. I think perhaps stating the obvious there, it is not something which the Government has been totally ignorant of or is indeed unaware of but the financial management which is my responsibility, my responsibility to the Government, really consists of the question of judging how much it is necessary to borrow, how much improvement in the collection of public debt one can secure; what the Government can afford to spend and, of course, what the Government is likely to raise in revenue. These are all part of financial management and one can only judge in the light of progress of the individual variables. I think I would not wish the Opposition to think that we are unaware of these problems and I hope that they will give us credit for making some attempt to control it, Mr Speaker.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

MINISTERIAL STATEMENTS

MR SPEAKER

The Hon and Learned Chief Minister has given notice that he wishes to make a statement. I will now call on the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, I would like to apologise, the statement should have been read immediately after question time as it normal but it wasn't ready. It is on the question of MOD lands on which there was a release the other day.

Sir, in the negotiations which we undertook with the British Government in 1983 which, as the House will recall, included two meetings with the Prime Minister, we had two main objectives. One of these was to secure the best possible terms for Gibraltar on the closure of the Dockyard and the other was to achieve the conditions under which other economic activity might be generated in Gibraltar. In my statement to the House on 27 July, 1983, I said that the first essential requirement for commercial development in Gibraltar is land and that the only way in which this requirement can be met is by asking the Ministry of Defence to release areas suitable for such development.

I then went on to announce that we had negotiated a new agreement on the question of Ministry of Defence Land, the terms of which were considerably more beneficial to Gibraltar than the previous arrangements. After announcing the release of the two sites at Queensway and Rosia, I informed the House that the British Government had undertaken to look further at their long-term property requirements for defence purposes to see what other sites might in the future be released to the Gibraltar Government. I also stated that a Joint Consultative Council was to be established in which the two major land-holding authorities in Gibraltar would work together, in the closest possible consultation, and with a mutual understanding of each other's needs, to ensure that every single inch of Gibraltar land is used to the greatest mutual benefit.

As the House is aware, a Press Release issued by The Convent last week stated that, during the past few months, at the request of His Excellency the Governor, a study had been undertaken by the Deputy Fortress Commander and his staff at Fortress Headquarters, in consultation with the Ministry of Defence, into the feasibility of declaring parts of the Ministry of Defence estate in Gibraltar surplus to requirements. The Release went on to say that, as a result of that study the Ministry of Defence had declared to the Governor a

significant number of properties and lands as being surplus and thus available for transfer to the Government of Gibraltar under the terms of the 1983 Lands Memorandum.

I am now able to inform the House of the proposals for transfer which have been presented to the Government through the Joint Consultative Council and which are now being examined by the Government. As already announced, some of the land and properties are immediately available; others will become available over the next few years; and the transfer of a number of others will require further negotiations over such matters as re-provision.

It is my intention to circulate to Hon Members, and to make available to the press, copies of the list of land and properties in question which will include brief comments on each item. I would however like to mention some of the items now. These are as follows.

The Air Terminal Car Park, which is currently held by the Government under a short lease, will be transferred subject to agreement on absolute air safety criteria.

The Ministry of Defence are prepared to release the Apes Den and to administer and maintain it for a short period after transfer. The same applies to land on top and to the east of the Rock including O'Hara's Battery, Jews Cemetery, Mediterranean Steps, Levant Battery and Spur Battery. It will be necessary, in this case, to consider the problem of traffic control to the Upper Rock.

The facilities at the Fortress Officers' Mess at Bomb House Lane are being moved elsewhere and the building will then be released.

Central Hall at South Barracks is to be refurbished and it will then be possible to release Ince's Hall. Consideration would be given to civilian administration of the annual Drama Festival.

Subject to the Gibraltar Government bearing the cost of re-provision and relocation, it is proposed to transfer that portion of Governor's Cottage Camp at present occupied by 1st Fortress Specialist Team Royal Engineers, which can be achieved this year after relocation on Ministry of Defence land, and the PSA Workshops, Store and Contractors site. Discussions on these PSA facilities can start this year but the Government may have to find land for relocation.

Lower St Michael's Cave and the former USOC Tennis Courts

site at Queensway will be transferred to the Government subject to compensation being paid to the Nuffield Trust. I think they pay some money initially.

The conditions for the transfer of seven Married Quarters at Casemates have already been agreed with the Government and the matter is now being dealt with by the Development and Planning Commission.

Berths 53 and 54 at the Detached Mole will be transferred subject to the Government agreeing to certain MOD restrictions.

'A' Block at the Royal Naval Hospital will be released under terms which are being discussed by a sub-committee of the Joint Consultative Council.

The next three items are listed as freeholds and as such, would not be governed by the 1983 Memorandum. The position in regard to MOD freeholds is that their disposal is a matter for local Ministry of Defence recommendation and the asking price has to be approved by the British Treasury and, in some cases, the House of Commons. The three items listed are New Mole Hostel, approximately three acres of the gardens at The Mount, subject to future development being in keeping with the character of the location; and, subject to detailed survey, and excluding the Married Quarters and the PSA Nursery, a portion of the Upper Bruce's Farm Area.

There are seven items on the list which relate to longer-term transfer plans during the period between now and 1990. These include the facilities at Governor's Parade consisting of Fortress Warrant Officers' and Sergeants' Mess, the GSP Training Centre and Social Club and RMP facilities. This would be subject to reprovion at Gibraltar Government expense and it is noted that a portion of the area is freehold. The transfer could be possible in 1988.

The basis for the transfer of Rosia Bay has already been agreed and tenders for its development as we have heard earlier on today, are to be vetted by a sub-committee of the Joint Consultative Council. It is hoped that the transfer will take place this year.

As a possible expansion of the Rosia Bay project the Government have asked for the release of the Victualling Yard including seven Married Quarters, the PSA Timber Store and a strip of land surrounding Fortress Headquarters. This has been agreed subject to the conditions outlined in the Addendum to the Development Brochure for the Rosia Bay project and will be effected on completion of reprovion.

The Nuffield Swimming Pool may be released subject to complete reprovion at no cost to Ministry of Defence and to payment of compensation to the Nuffield Trust. The matter is currently being discussed by a sub-committee of the Joint Consultative Committee.

Subject also to complete reprovion at no cost to the Ministry of Defence, the Dockyard Services Association Club and Married Quarters Exchange Store, East Queensway, will become available on reprovion.

The sub-committee of Joint Consultative Council dealing with the Royal Naval Hospital is also considering the transfer of some land and property to the east of Europa Road opposite the Royal Naval Hospital. Release may be possible in 1988.

Subject to complete reprovion, in this case at Her Majesty's Government's expense as part of the long-term Naval Base Development Plan, it will be possible, around 1988-1990, to release HMS Rooke Sick Bay and Families and Dental Clinics.

The study carried out by the Deputy Fortress Commander has included a general tidying up of the status of certain land and properties which are already in full use for civilian purposes. The House may be surprised to learn that these include the Victoria Stadium, the Mediterranean Hotel site, and the Laguna Estate.

Sir, I believe the House will agree that the list of land and properties is an impressive one and that their release will open up significant and important opportunities for economic development.

As the House knows, much work and effort went into the negotiations which resulted in the 1983 Memorandum. That Memorandum, as well as the 1983 decision of the British Government to review their long-term requirements, have themselves resulted in the decisions on release which have now been taken. I am sure this House will wish to join me in thanking His Excellency the Governor for providing the impetus for the study to be undertaken as well as for much work on the lands issue behind the scenes ever since his arrival. Thanks are due also to former Governor Sir William Jackson who also took a particularly special interest in this matter and to former Attorney-General David Hull.

Finally, I wish to place on public record the Government's great appreciation of the task so effectively carried out by Brigadier Hume and his staff and generally to thank the three Heads of Services, the Brigadier, Admiral Vallings and Air Commodore Pack, who have shown such great understanding of the

Gibraltar Government's needs during a difficult period of economic transition and whose personal goodwill has contributed so much to the efficient and successful working of the Joint Consultative Council. I would also like to take this opportunity to express our best wishes to Admiral and Mrs Vallings, who leave Gibraltar very shortly, as well as our regret at their departure.

Finally, I assure the House that consideration of the proposals for release made by the Ministry of Defence, the conditions proposed and the ways in which a number of the sites and properties should be used or developed, will be undertaken with a due sense of urgency.

MR SPEAKER:

Does the Hon Leader of the Opposition wish to say anything on the statement?

HON J BOSSANO:

I think it is, quite frankly, difficult to react on the spot in assessing the significance of the list without working out exactly what it is going to mean in economic terms. It is clear that some of the areas mentioned are areas which will involve additional cost to the Government and I think one needs to look at that aspect of the thing as well. Clearly, as far as the principle is concerned the position of the GSLP has been for many years, particularly in the way we reacted, Mr Speaker, to the 1981 Defence White Paper and the Dockyard closure was to say that if we were faced with a need to re-orientate the economy of Gibraltar one could not do it by looking exclusively at what was being released from the old Naval Dockyard, one had to look at all the resources available taking the whole of Gibraltar, which is very small, for us it is our entire world but in the context of any other place in the world we are still talking about a very, very small chunk of land and even if they gave us the entire Rock the whole of it would still amount to a very small amount of land but, obviously, it is one more step, I think, in a direction which we have been travelling for a very long time of transfers of land from defence uses to the use by the Government of Gibraltar so that it can be either exploited economically and produce an income which will help the Gibraltarian people to enjoy a reasonable standard of living comparable to other places in Europe or else, in fact, for them to live in slightly less constricted areas than they have in the past because of the disproportionate shareout that there has been between the amount of land occupied by MOD in terms of density and the amount of land occupied by Gibraltarians in terms of density and therefore we support entirely the move in this

direction but I think we need more time, quite frankly, to digest what has been produced by this move and perhaps at some future date we may want to come back with questions asking for clarification. I think on the basis of the statement that we have got we welcome the fact that the Government has made it available so quickly, we thought they might want more time themselves before they made it available to us and, of course, we are in favour of the soil of Gibraltar being at the disposal of the Gibraltarians to whom it belongs.

HON CHIEF MINISTER:

I thank the Hon Member for that and I entirely agree that some of the things require considerable study but I think the great merit of the operation is that for the first time, certainly for the first time since I have been in public life and that is a long time, a real attempt has been made to examine the whole of the MOD estate. Whether we agree with some of the things that still remain or not is another matter but there has been a thorough study, so much so that, in fact, we have discovered that land which we thought had already been transferred to us like the Laguna Estate and the Victoria Stadium had not been. I wonder whether the ODA would have given us money to develop the Victoria Stadium if they were not sure that the land on which it was being done wasn't ours but this is the haphazard way, if I may say so, that in the past years before the 1983 Memorandum things were done with regard to land and sometimes the high handed way in which it was done ten, fifteen, twenty years ago. This has been a very long and exhaustive job when you look at the details and if we were to look at the plans where everything is itemised and detailed it will be appreciated that they have done a thorough search of title deeds going back many years to be able to identify the properties and what I think is also important is to identify what will be required in five, eight, ten years time which has never been done before and say: "You can have that, you cannot have it now but you can have it in 1990". At least planners can think and prepare things and perhaps it may not pass unnoticed that what has always been the subject of local comment about the Mount whether it is freehold or not we will have to investigate into that, anyhow the point is that three acres of land in Gibraltar is a lot of land and that will become available.

MOTIONS CONTINUED

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move the motion standing in my name on the Order Paper. This is the Imports and Exports (Amendment of Schedule) Order, 1985, and I think I can explain by way of

elaboration that we are in fact here giving the approval of the House to the reduction in imports which were introduced prior to the opening of the frontier and whereas it would have been necessary to seek the approval of the House beforehand if we had proposed to increase the duty on imports prior to the opening of the frontier, it is not necessary to do that if one is, in fact, merely reducing the duty, one can do it and then bring a motion to the House for its approval subsequently.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Financial and Development Secretary.

HON J BOSSANO:

I don't think there is any Opposition in the world, Mr Speaker, that votes against reductions in duty.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Again, Mr Speaker, I beg to move the motion standing in my name on the Order Paper in respect of Licensing and Fees. These fees are charged in respect of visas and other entry clearances issued to persons who wish to enter the United Kingdom and who need to obtain prior entry clearances in order to do so. Gibraltar provides this service on behalf of the United Kingdom and the resulting revenue accrues to Gibraltar. The fees charged locally correspond to the fees prescribed under the United Kingdom Consular Fees Order. The United Kingdom last increased its fees with effect from the 1st January, 1985. At the same time it also introduced the fee for the issue of entry certificates, entry clearances for Commonwealth citizens which until then had been issued gratis. The proposed amendment to the Schedule brings the fees charged locally into line with those currently being charged by the United Kingdom.

There being no debate Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

BILLS

FIRST AND SECOND READINGS

THE PUBLIC HEALTH (AMENDMENT) ORDINANCE, 1985

HON M K FEATHERSTONE:

Sir, I have the honour to move that a Bill for an Ordinance

to amend the Public Health Ordinance (Chapter 131) 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. In the 1983 Budget certain rent increases were made to Government flats and at the time it was commented that the increase in the rateable valuation be deferred for a year so that it would not be too great a burden to bear at the time. This new valuation is now due to come into effect in 1985/86 in the annual Valuation List and it will increase the valuation of properties by a fair percentage. The Government gave consideration as to how this extra burden of rates could be ameliorated for the average person and it was considered that the poundage might be reduced but it was afterwards thought that before such a step would be taken much further consideration would need to be given which would reflect also on business premises. The actual amount of the increase of domestic rates would work out to some £367,000 and Government therefore turned its mind as to other ways in which this increase could be ameliorated and they solved the problem by suggesting that this House should agree in this Bill to be brackish water rates which at the moment stand at 12½p to the pound being reduced to 2p in the pound. This would give a very good yield of some £310,000 so you can see that the increases in the net annual valuation is almost entirely offset by the reduction in the brackish water rates being reduced to 2p in the pound. I therefore, Sir, 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:

There must be some merit in a Bill that actually announces a reduction, Mr Speaker, and we have a feeling on this side of the House that this is pre-emptive action on the part of the Government resulting from some exchange of correspondence that there has been. I think there is an important point as regards the principle involved which we want to highlight because it isn't so much a question of saying: "Well, we are

going to reduce the burden on the domestic consumer by producing a rating for brackish water which effectively offsets the increase on the general rates". I think, in looking at it, we have to look at it in the context of a situation until now where the salt water charges from 1972/73 to 1983/84 have gone up from £32,000 to £267,000. That is, I think, probably one of the biggest increases in any one of the sources of revenue open to the Government and if the Government today is reducing it because I think they realised that they would likely find themselves under a lot of criticism if they had a situation where they had increased rates for tenants on the 1st April and a situation which for a number of years now has been that as far as the average tenant is concerned he seems to be getting two rent increases a year, one in April and one in July. He doesn't know the difference between the rates and the rate of what one is in aid of or what the other is in aid of and I think part of the problem is that with the movement that took place with the amalgamation of the City Council and the Government we seem to have lost in the process a great deal of the control that existed and the relationship that existed between what people were paying for and what they were getting in exchange. It is a sensitive area that I have never forgotten, Mr Speaker, because it was something that happened in my first budget in 1973 and the Financial Secretary at the time said: "Hon Members will be aware that it is mandatory upon me by statute to make provision to cover any overall deficit in these accounts". An then at that stage he went to say that the brackish water rate was going to be 1.67p for business premises and 10.42p for domestic premises. That was defended on the basis that the amalgamation required that the municipal services should be collectively self-financing, that is to say, that whereas it would have a deficit on electricity, there had to be a surplus somewhere else so that the whole range of financial services financed themselves and that was the position when I arrived in the House in 1972, this is the first budget that I faced and as far as we were aware we were told that that was the case and consequently there seemed to be little political leeway because the Government couldn't decide to subsidise other than by cross-subsidisation, that is, they couldn't subsidise from general revenue the municipal services. That changed with the funded accounts because when the Special Funds were set up in 1976 what the rates were just ceased to have any meaning from 1969 till 1976 part of the argument for rates increases was that they were alternative to increases in other elements in the municipal services so you might have raised rates at a particular level because you thought it was better to have the amount collected through rates and subsidise electricity than to have lower rates and higher electricity but then, of course, when the electricity was taken out of the picture completely by being made a Special

Fund and the funded accounts were set up in 1976/77, the element that we had been told was a statutory obligation it transpired that it wasn't a statutory obligation after all and the rates still kept going up but the reasoning behind the original establishment of the poundage was lost and clearly has not been looked at since and I think in that context we shall obviously be voting in favour of this reduction. Clearly, it is important that if the burden on the average household can be reduced it should be reduced but we think that one of the things the Government should be looking at is what is the relationship between salt water charges and what areas of expenditure can be identified as having a relevance to it and I think it makes more sense if the Government comes to the House and says: "We are putting 2p in the pound because we don't really need more than 2p in the pound and the idea is not to make money out of brackish water but to let the brackish water pay for itself". But we are still not in that situation, we still don't know whether the 2p is too much or too little but, clearly, since it is better than overpaying we will support it.

HON A J CANEPA:

Mr Speaker I think that is a valid point and, again, the Government is in a similar position in respect of this measure to what I was referring to this morning on another matter, namely, that of Social Security Benefits, the EPP and the Supplementary Benefits. We have been concerned to ensure that the increases in rent that were implemented in July, 1983, should not now be reflected in increases in rates for Government tenants which effectively they would see as from the 1st April has been an increase in rates. The question of the valuation then comes in and whether you should disturb that valuation list by doing something about the net annual value. Do we tamper with the net annual value or do we allow the net annual value of properties to reflect what happened in July 1983. We have chosen the cause of allowing adjustments, effectively increases in the net annual value and try to offset the consequential increases in rates which for Government tenants appear to be rents, would occur on the 1st April. The Director of Crown Lands recommended to the Government that that could be achieved in this way by lowering the poundage from 12½ pence to 2 pence. Fine, we have achieved it on this occasion except that there are going to be some minor, some small variations in the levels of rents here and there. Some people may find in some estates, for instance, in Laguna Estate, they may find that they get a very modest increase, a small increase of 50 or 60 pence a week and some people elsewhere may get a decrease in rent of a similar small sum. What we have tried to ensure is that the loss in revenue to the Government under the Salt Water Rate Account will be roughly

as near as possible equivalent to what the increase in revenue would be as a result of the net annual value going up but we cannot get the equation completely right throughout Government dwellings. Some people, as I said, will get some small increases in rent and others are going to get small decreases. It can be done on this occasion but what happens in two year's time? Supposing in 1987, when the rent increases that took effect on the 1st July, 1984, are due to work their way through, supposing we do not want the rates to go up so that people effectively do not suffer an increase in rent, what do we do? Do we decrease the poundage by another 10 pence and make it minus 8 pence in the pound? It is not possible. Then we are going to be in a situation where we have to look closely at the valuation list and at the net annual value. I think on this occasion this is the best alternative even though I have no doubt that a poundage of 2 pence in the pound does not in any way reflect the cost to the Government which now provides the service of providing the salt water or the brackish water service to the community. I do not think two pence does reflect that. But, as I say, what is the choice in the future? We did not think we should tamper with the net annual value now because the property market is now going to be in a somewhat more volatile state because of the opening of the frontier and the effect that that is going to have on property value and therefore, perhaps, it is less dangerous in two years time once some kind of pattern has established itself to consider having to do that than on this occasion. Briefly, Mr Speaker, the purpose behind the measure is that Government tenants should not have to suffer an increase in rents. Rents have been going up very considerably for some time. Rates have been a very buoyant source of revenue for the Government. Not painless, because it is pretty painful when it is reflected in your rent, and so we have opted for what you can do once but beyond that the situation becomes anomalous and we do seriously have to consider before 1987 how we are going to move ahead in this particular area of Government financing.

HON CHIEF MINISTER:

I would like to add one or two things. I am afraid I must take exception to my colleague's reference to tampering with the NAV. I don't think we can tamper with the NAV. The Net Annual Value is that set out by the Valuation Officer who is a quasi judicial officer and it is done on criteria which is of a general application but you can tamper with the poundage, of course.

HON A J CANEPA:

I can explain what I meant. The Government could take a policy decision to make as a matter of policy a reduction,

could give an allowance that would be equivalent to a reduction of, say, 15% or 20% in the net annual value. I think such a policy decision can be taken.

HON CHIEF MINISTER:

I do not like the word tamper. As an old City Councillor, where the rates as the Honourable the Leader of the Opposition mentioned, reflected what was required to provide the municipal services. But with the greatest respect to the Financial Secretary of 1973, whatever he said then did not have much sense because there were no accounts there were only notional accounts. The Honourable Member well knows we had a struggle to get proper accounts because when the merger came it was done in a bit of a hurry and nobody thought about preparing proper accounts of the funded services. They had to wipe out everything that smelt like the City Council and that was done in a hurry. It was only as a result of the insistence of having proper accounts and not notional accounts. We had no idea, as the Honourable Member knew when he was either with his colleagues or on his own, that it was a great effort. I think the credit for that is due to Mr Collings, one of the predecessors of the Financial and Development Secretary, because that had to be done and you will recall they had to have huge amounts of money, millions of pounds, sent from one account to another to put them in their proper place because after the enquiry it was found that there was a deficit on one side and credit on the other. The question of rates in an organisation like the Government now is really one more way of taxing people through their properties but the way we have done it deprives us less of rates from the people who pay high rates. We are benefitting the people we want to benefit. If we had altered poundage it would have been a step of great significance and particularly also, the payment of rates by the Ministry of Defence who pay a lump sum.

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

The Hon the Minister for Health and Housing moved that the Committee Stage and Third Reading of the Bill be taken at a later stage in the meeting.

This was agreed to.

THE CONTROL OF EMPLOYMENT (AMENDMENT) ORDINANCE, 1985

HON DR R G VALARINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Control of Employment Ordinance (Chapter 33) 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. Mr Speaker, the Manpower Planning Committee is established under Section 6(A) of the Control of Employment Ordinance, Subsection 6(A) provides for the appointment of the General Manager of Her Majesty's Dockyard as a Member of the Committee. As a result of the closure of the Naval Dockyard, the General Manager's Department has ceased to exist and it has been proposed that the Civil Establishment and Finance Officer of Her Majesty's Naval Base should replace him on the Committee. In fact, this officer normally represents the General Manager at routine meetings. The purpose of this Bill is, therefore, to provide for the appointment of the Civil Establishment and Finance Officer as a Member of the Committee.

MR SPEAKER:

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

HON J BOSSANO:

Mr Speaker, obviously, we are going to support this because there is no point in having a legislation which says the General Manager of the Naval Dockyard should form part of Committee, although in fact he could do it because he happens to have retired to the Costa del Sol and he can commute for Committee Meetings which are held 4 times a year. I think what perhaps the Government should be giving some thought to is the composition of the Committee in a changing situation in Gibraltar because OK, we are going to have the Civil Establishment and Finance Office there and to some extent that is an improvement in any case because he represents the whole of the Ministry of Defence and not just the Naval Dockyard. I think it is a move in the right direction, possibly the person that would theoretically have inherited the post occupied by the General Manager should have been the next Head Manager who has taken over that role but I think having the Civil Establishment and Finance Officer is an improvement in any case which would have been possibly preferable even before because he deals with Army and Navy and RAF and, therefore, he controls employment throughout the Ministry of Defence. I think that in a situation where the proportion

of people employed in the UK Departments is declining and even if it isn't declining very rapidly in absolute terms, it is certainly going to decline if the Honourable Member's predictions about a 1000 extra jobs being created materialise because then as a proportion of total employment the UK Departments will become smaller and I think at some stage we have to consider whether the committee is representative enough. I just put that forward as a thought because I think it is relevant if we are changing the composition.

MR SPEAKER:

Does the Minister wish to reply?

HON DR R G VALARINO:

Yes, Mr Speaker, I agree with the Honourable Member that some thought will have to be given to this.

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 IMPORTS AND EXPORTS (AMENDMENT) ORDINANCE, 1985

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:

Sir, I have the honour to move that the Bill be now read a second time. The purpose of the Bill, Mr Speaker, is described briefly in the explanatory memorandum but perhaps I can say a few words by way of further amplification. The Bill provides for the duty free importation of goods, both by GSL and by contractors engaged by GSL in connection with the

refurbishment of the Dockyard and for the period during which Dockyard commercialisation is financed by ODA Development Aid. While GSL itself qualifies for relief from import duty under Section 15A of the Development Aid Ordinance, this mechanism would only extend to GSL imports and would not include the importation of plant and machinery used by contractors working for GSL, that is to say, on GSL contract, hence this amendment is required. The requirements do not arise if these were Government contracts financed by ODA Development Aid like, for example, the desalination plant or the Causeway project because obviously the Government does not pay the import duty to itself but because GSL is a private company, although Government owned, it cannot shelter under Government exemption. I would moreover just add that it was never the intention that plant and machinery imported for the purpose of establishing the dockyard should attract import duty. Indeed, as Honourable Members will be well aware, the conditions which apply to ODA Development Aid are that such goods and services are free from the imposition of local taxes and duty. The reason for this is that if the aid itself is taxed then it becomes a form of budgetary aid by another name and neither the UK Treasury or the House of Commons would agree to that. The only other comment I make is that this does not effect the entitlement of Gibraltar Shiprepair Limited to the drawback facilities provided under legislation which has already been passed. The latter, that is to say the drawback arrangements will continue in existence when the provision in the Bill before the House expires because drawback arrangements apply to goods which are imported and then re-exported in connection with ship repair work whereas the amendment now before the House is addressed specifically to plants and machinery being imported for the establishment of the commercial dockyard and during the period while it is financed by ODA Development Aid.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, the Opposition are supporting the Bill but there are one or two points which come to mind which have been discussed in the House previously in connection with other things. First of all, we are not quite clear because we understood that any project that was ODA funded would not need to have to pay import duty when the materials or whatever is being used is actually in connection with that project. I do not see the need in that connection for this amendment to be brought here, perhaps you can clarify that. We have expressed,

certainly I have expressed from this side of the House concern that when we have two contractors who undertake jobs in Government contracts, that in applying for extension of duty in respect, for example, machinery which they are going to use that this is closely monitored because what happens with that machinery once it finishes the project and is left in Gibraltar? One thing is to insist wholeheartedly as we all wish to make sure that a Government owned project is viable and another thing is for anybody to take advantage of this and use that as a vehicle for unfair competition against other people. If we have assurances in this House about this concern which we are expressing then of course the Opposition will be supporting the Bill.

HON CHIEF MINISTER:

The point that has been made by the Hon Mr Feetham is very valid. I seem to remember we had to monitor some special concessions made in respect of lorries that were coming here for special MOD contracts which were exempt from duty at one stage and when they ceased they remained here, the import duty was collected and, in fact, the matter has been raised in this House in the course of debate at the time drawing attention to this. I think it is a very valid point and there are difficulties which I am sure the Financial and Development Secretary will take care of.

HON J BOSSANO:

I think, in fact, Mr Speaker, on that point, it is something we have raised before in questions and there was a particular incident of a particular crane being used in GSL which subsequently re-appeared in Library Street in a totally unconnected project with the development of the Dockyard and there has been a comment, I think, in a previous Auditor's Report as to certain provisions which exist which enable the Government to require money to be deposited in advance which they can make use of if they need to, if the Imports and Exports Ordinance is being circumvented. I think the Honourable Financial and Development Secretary said in answer to a question here that he felt that the Collector of Revenue was in control of the situation which I suppose he was since I was giving him telephone calls to make sure that he was in control. I think we are slightly mystified as to why the amendment is necessary in the first place. I don't think that has been adequately explained really by the Honourable Member.

HON CHIEF MINISTER:

GSL.

HON J BOSSANO:

Yes, but the Honourable Member has said that if GSL imports the equipment, it does not require to make use of this provision because under the Development Aid Licence that it had it is able to import duty free. It is also true from previous answers to questions in the House in relation to other things, for example, the question of furniture imported from UK by GSL, before this amendment was passed, that goods purchased from ODA funds have to be exempt from import duty because ODA funds cannot be used to pay local duties or taxes. We have discussed that matter on several occasions. So, clearly, it is not for that occasion that we are doing this because that is again covered already. What exactly is it that we are amending this for if it seems that GSL is either covered because the money is from ODA, or is covered even if the money is not from ODA because it has an import licence. If we are talking about the question of the contractors working on the site, as far as we are concerned, presumably, the bulk of what the contractors are importing on the site to refurbish the dockyard are building materials which are exempt from import duty. Nobody pays import duty on building materials. If we are talking about the plant and equipment by the contractors, then since the money is coming from ODA, there have been previous occasions without any amendment to this Ordinance where the ODA financed contracts have automatically produced exemptions for the contractors - we had it, for example, with the building of Varyl Begg Estate. Every time that Taylor Woodrow was importing stuff for Varyl Begg Estate they used to sign a statement saying what it was going to be used for and that was sufficient because it was ODA money. If it is necessary to achieve the exemption from import duty then fine, we will support it, but I don't think the Honourable Member, in introducing the Bill, has given us an explanation of what it is that we are exempting that isn't already exempted. It just says to permit certain goods, imported exclusively for the purpose of establishing the commercialisation of the Dockyard. I have already given a number of instances which seem to cover every possible eventuality so what goods are left eliminating all those that otherwise would not be exempt and which we are now exempting and we are exempting it backdated to the 1st April, 1983, Mr Speaker. We are not happy, quite frankly, and I shall make the same point with reference to other legislation we have got in the Order Paper, in a situation where not only are we talking about retrospective legislation but we are talking about retrospective legislation after a general election. Members in the House are voting changing laws which take effect a year before they were elected by the people of Gibraltar to vote for those laws. There is virtually a majority in the House now of new Members post 1984 and those new Members are passing

legislation with effect from the 1st April 1983, which is twelve months before they arrived here and I think there is an important parliamentary principle there which we ought to avoid unless there are very compelling reasons but I would have thought that if we are making this retrospective to 1983, it can only be because between 1983 and today duty has been paid, otherwise somebody has been breaking the law, duty has been paid which is now going to be reimbursed. Can the Honourable the Financial Secretary, who is the Accounting Officer for Customs, explain to us what goods these are that we are now going to have to repay the duty on since we are now making legal the non payment of duty. Or he is telling us that in fact, they have been brought in, they have been exempt from duty, that it has been illegal and that they have now discovered the illegality and they are making something that was previously illegal now legal, because then I think those explanations may well condition how we vote. We have not got anything against the policy of saying: "Well, if this is needed to get the commercial dockyard off the ground, fine, we will support it". The Government knows the strong views we hold on the subject and also knows that we are strongly committed to accepting the concepts of parliamentary democracy, that is, it is Government policy to get the commercial dockyard working and we shall not be using our position in this House to create unnecessary obstacles. It is not so much that it is for the dockyard, it would be exactly the same point that I would be making if we were talking about something else. I don't know if this is up to date, Mr Speaker, but I have asked to look at the actual paragraph 25 of the first part of the First Schedule which is what we are apparently amending and there, on the copy that there is here, we have got a duty of 10%. That is wrong is it? It says goods not otherwise enumerated on the second part of this Schedule unless imported by or supplied to a public statutory authority exclusively for the purposes of a public utility undertaking or imported to or supplied to Cable and Wireless Limited exclusively for the purpose of transmitting or receiving telegraphic messages. That is the paragraph. And then after that it says "or imported exclusively for the purpose of the commercialisation of the dockyard". But that carries 10% duty.

HON CHIEF MINISTER:

Unless imported.

HON J BOSSANO:

So, in fact, if they are imported for one of those three; that is a public utility, Cable and Wireless or the commercial dockyard, they would not pay the 10% so then we are talking about specific goods on which the duty would otherwise be 10%.

Shall I give way Mr Speaker, because I will not be able to speak again. Or doesn't anybody want me to give way? It is just that we would like to know what it is we are voting, Mr Speaker, if the Government can tell us.

MR SPEAKER:

We hope that the Honourable the Financial and Development Secretary, in his reply, will give you an answer to that. Any other contributors? Then I will call on the Honourable the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, the reason for this, why it is necessary to have this amendment to this Bill is of course that, yes, it is not a Government department. The Honourable Mr Feetham mentioned that it has been a long standing arrangement or understanding that anything which is financed by ODA is free of import duty, any project which is financed by ODA money. The law does not provide, subject to correction by my Honourable and Learned Friend the Attorney General, the law does not provide specifically for a project which is financed by ODA development aid to be free of import duty in this respect. It is a fact that projects financed by ODA and development aid have been Government projects. GSL is a private company and therefore this is not a Government project in law. It is essentially a technicality, I accept that, but the advice that we received was that it wasn't sufficient to rely on the relief that GSL would obtain under the Development Aid Ordinance. Indeed, I think, again subject to what the Attorney-General may have to say, technically that particular Ordinance would not cover the GSL situation. I suppose if the development aid release were originally exempted for a half of the import duty then that might create problems. That is the first point but secondly, of course, we are talking about contractors who a fortiori, are not working on Government contracts, they are working for GSL and they are not covered, obviously, by the provisions I am not sure, I don't think they are, covered by the Development Aid Relief Ordinance. It is to make sure that we are staying within the law.

HON J BOSSANO:

Mr Speaker, then how was it done in the case of the Gibraltar Quarry Company which is in exactly the same position? The Gibraltar Quarry Company was financed by ODA, the Gibraltar Quarry Company did not pay import duty on the equipment it imported and the Gibraltar Quarry Company is not a public utility or a Government Department, it is a 100% owned private company the same as GSL is.

HON M K FEATHERSTONE:

Everything the Quarry Company itself has imported has paid duty.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Honourable Member mentioned the position of the crane which he drew our attention to after having asked the question in the House, and got the answer from me. I believe he then rang me up and told me about the crane and we took action. It is a point which we are very much alive to and the company concerned apologised.

HON J BOSSANO:

If the Honourable Member will give way. I think, Mr Speaker, it is important for us to be clear. We are in fact not simply correcting a situation which apparently has....

MR SPEAKER:

May I suggest that when we reach the Committee Stage, you will have enough time to do that and in the meantime you might clear your lines with the Financial and Development Secretary.

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 INCOME TAX (AMENDMENT) ORDINANCE, 1985

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, 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 as 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. The amendments to the Income Tax Ordinance in the Bill before the House are akin to the amendments to the Bill we have just discussed in that the need for this has arisen mainly because of the commercialisation of the dockyard. As regards the first of the amendments, new paragraph (R) which refers to the emoluments paid to contractors and consultants staff, the application would, in fact, be wider simply than those contractors and consultants staff working on GSL contracts financed by ODA development aid. The House may recall that there have been one or two cases in recent years where Government contracts have been placed with UK firms whose employees have come out to Gibraltar and where it has been erroneously assumed that no tax liability arose either because the contracts were Government contracts or because the individuals concerned were only here for a short period of time. That assumption was not soundly based in law which provides that the income of any person accruing in Gibraltar is assessable for tax although I should add that there are a number of well established exemptions, namely, MOD and PSA employees, expatriate civilian staff and, indeed, employees of the Gibraltar Government from time to time such as doctors and teachers and other experts who are engaged on OSAS terms. The important point is that the exemption would be conferred only in the case of those projects which are financed by ODA development aid and where the emoluments of the staff concerned are paid in the United Kingdom so they will therefore be liable to UK tax. This is in keeping with the conditions which normally apply to Development Aid from ODA and to which I referred to in connection with the Imports and Exports Ordinance. I could perhaps add that the amendment refers only to the emoluments of consultants and contractors staff, that is, employees to the companies concerned and not to any profits made by the companies arising out of their earnings in Gibraltar. The second amendment, new paragraph (f), although it could apply to any company established in accordance with the provisions described therein, has of course been drafted with GSL specifically in mind. It is drafted in a way which distinguishes between salaries on the one hand, and inducement allowances and gratuities on the other. Whilst the need for this amendment does not arise primarily as a condition of the granting by ODA of Development Aid, the latter is certainly a relevant consideration in as much as the emoluments of GSL staff will be financed wholly or in part by ODA aid for the next year or so and that applies to all GSL employees whether they are expatriates or Gibraltarians. The need for this is because it is necessary

to pay expatriate staff an inducement to attract them and to retain them in Gibraltar. As I have already said, Mr Speaker, this is by no means a new departure, we are not establishing a complete precedent here, the individuals I mentioned earlier, MOD and PSA civilians and other itinerant employees of the Government, receive overseas allowances of one form or another but these are not taxed either in Gibraltar or in the UK. The important difference in the case of GSL expatriate employees is that they will be assessable at Gibraltar rates of tax on their basic salaries, so it is the additional allowances and gratuities that will be free of tax. I believe that this way of meeting the situation will preserve the principle of parity as between the Gibraltar and expatriate employees as far as basic salaries are concerned, whilst recognising that the expatriate employee is entitled to some extra allowance by virtue of the disruption and the circumstances attaching to his employment with GSL. Perhaps the most important point of all which I should make is to emphasise the essentially short-term nature of the provisions which are envisaged because as the House will be aware it is the declared aim of the company to reduce the number of expatriate employees in the GSL management structure and for these to be replaced by Gibraltarians as far as this is practically possible and as early as possible. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON J BOSSANO:

It will be very welcome, Mr Speaker, when we have the new laws of Gibraltar printed and they do not look like a jigsaw puzzle any more because it is extremely difficult to try and find out what exactly is the latest version of the Income Tax Ordinance or any other Ordinance being amended. I think we have to make it clear that we do not support this legislation. I do not think that it is true to say that this is simply the parallel of the Bill that has just been passed on the Imports and Exports Ordinance because from the explanation that the Honourable Financial and Development Secretary gave on the Imports and Exports Ordinance, it would appear that no import duty had been paid because the goods purchased had been financed by ODA and consequently cannot be paid. Yes, Mr Speaker, the Government has just brought a Bill to the House which exempts from duty everything imported for GSL since April, 1983, or am I not right? Therefore the stuff has been brought in already. I asked the Honourable Member whether

duty had been paid which now had to be reimbursed and he did not answer so I can only assume that his silence meant that they did not pay the duty, that they have now looked at the law and decided that although they exempted them from duty on the grounds that it was ODA financed, technically the Imports and Exports Ordinance did not provide for that and consequently they are now regularising the position. Are we saying the same thing here? Are we saying that there are people who have not been paying tax since July, 1983, when they should have been paying tax and that we are now going to make the fact that has been infringing the Income Tax Ordinance legal retrospectively? No? Well, then why are we making it retrospective to the 1st July, 1983? We are not talking about legislating for future emoluments, we are talking for legislating for past emoluments. I don't see how we can support a situation where one minute we are talking about arrears of revenue, £2m of income tax, that the Gibraltar must cough up the money that he owes and nobody likes paying the tax in Gibraltar, none of us do, nobody in this House and nobody outside the House does. If there are people who have been allowed to draw payments which are taxable under our current law, it is one thing to debate whether it is desirable that they should continue to be taxable and another thing to come here and to say we are now going to make them non taxable, backdated to the 1st July, 1983. Again, I can only suppose that we are not talking about repayment of income tax like we were not talking about repayment of import duty in the last legislation, we are talking about people who have not paid tax. If that is the case, under what provision of the law is the Director of Tourism being given a tax free annual allowance? He is not paid by ODA, is he?

HON CHIEF MINISTER:

He is not paid by ODA but he gets a gratuity free of tax at the end of the period, 25% a year of his salary.

HON J BOSSANO:

Mr Speaker, I know that. I know that the Government provided I think it was in 1975 because I remember that I voted against it. I got very upset. There is a gratuity at the end of the service and that gratuity which is 25% of the annual salary is then paid at the end of the 3 years tax free. I think it was the Honourable Mr Mackay, who was the Financial Secretary at the time and who introduced this legislation I think in 1975, which I voted against and I was very upset about it because he had just taxed our gratuities in Gibraltar and then he came along within a matter of months and untaxed his which I thought was just not on. If we have got a situation today and I think the Government told us that in answer to questions

in the last House of Assembly, that the newly recruited Director of Tourism would get on top of the terminal gratuity an allowance on top of his salary and that the allowance would be tax free, that is the answer we got. If there is an allowance being paid, I think that the figure mentioned was something like £4,000. We asked whether it was tax free and I think we got a yes or a nod from the other side which indicated it was. I remember fairly distinctly because this was only a couple of months ago. I do not know whether or not we were misled on that point but if we were not misled and he is being paid an allowance tax free because the salary that was being offered was unattractive to the people who were willing to apply for the job, then.....

MR SPEAKER:

You are now speaking on the 3-year gratuity?

HON J BOSSANO:

No, Mr Speaker, I am talking about an annual payment over and above like the one that is going to be paid to GSL managers. I am saying if the payment of the GSL managers is not provided for in law and the Government is now amending the law so that the GSL managers can get it, under what provision does the Director of Tourism get it if he gets it, and we were told that he did. Mr Speaker, it was Question No. 13 of 1985 and the Honourable Attorney-General said that he got an overseas inducement allowance of £4,000 and then I asked: "Am I right in thinking that the gratuity will not be liable to income tax and will the allowance be liable to income tax and the Honourable the Attorney General said "No Mr Speaker". And I said: "The allowance will not either?" and then you said: "Next question". I took the no to be in answer to "will the allowance be liable to income tax?" and the Honourable and Learned Attorney General said 'no', and then I said: "The allowance will not either?", and then you said, Mr Speaker, "Next question". We certainly took that to mean that the question had been answered and that the answer was that the £4,000 overseas inducement allowance was not taxable. I am asking if that is permissible under the current Income Tax Ordinance, what is the explanation why it is permissible for the Director of Tourism, not permissible for the.....

MR SPEAKER:

You might perhaps, establish whether it is or it isn't.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

One is a Government employee and this Bill is concerned with GSL employees, Mr Speaker. I do not know whether, in fact, the Director of Tourism is covered by the OSAS.

HON J BOSSANO:

As far as I am aware, there is nothing that said that the Government can pay its employee tax free allowances in the Ordinance because the liability to tax arises on the part of the recipient of the income. The person receiving earnings or emoluments or income arising in Gibraltar is the person who is liable to tax. Therefore, as far as I am aware from a quick reading of the Income Tax Ordinance, Government is no more free than anybody else to pay emoluments free of tax unless the Government grosses them up and nets it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Will the Honourable Member give way, Mr Speaker. The Income Tax Ordinance does, I think I am right in saying, provide specifically under the exemptions which are fairly extensive for various inducement allowances paid under the OSAS Scheme but what is in doubt is whether the Director of Tourism is covered by this.

MR SPEAKER:

In any event, you are objecting on principle.

HON J BOSSANO:

Yes, we are objecting on principle to the general principles of the Bill and we are objecting to retrospective legislation and we are objecting to the payments but I am also questioning Mr Speaker, if it is money that is paid by OSAS then if it is an inducement allowance under (w) as the Honourable Member has suggested it might be, then in fact it is not money that we are paying ourselves from our revenues so it is not being paid by the Government of Gibraltar it is being paid by the UK under technical assistance, presumably, the £4,000. If it isn't, if it is money being paid by Government to one of its employees, as far as I am aware the Government is no more free to pay one of its employees tax free payments than any other employer in Gibraltar and, therefore, if that is the situation then it seems to me that here we are legislating for tax free payments to employees of a company wholly owned by the Government and the Government is already breaching the law, it would appear, according to the answer we got to Question No. 13 in January this year. As regards the question of the

inducement allowance or gratuity paid to an individual recruited from outside Gibraltar and employed or seconded to a company wholly owned by the Government of Gibraltar, first of all, it is not limited to GSL, presumably, the same would apply to the Gibraltar Quarry Company. Yes, Mr Speaker, the Gibraltar Quarry Company is a company wholly owned by the Government of Gibraltar. If we go back to the Estimates of 1983/84, we may find that part of the money which was, for example, reimbursed by Robertson Research and which went back into the company and which we voted in this House was money that initially came from ODA. We are not talking about the fact that the money is actually paid to the individual by the British Government or by ODA, we are talking about the fact that the company is partly or wholly financed by ODA. It is a wholly owned Government company but the payment of the allowance to the individual does not necessarily have to be a payment by the UK Government because it says here that it is an inducement allowance or a gratuity paid to an individual recruited or seconded to a company and paid either wholly or partly out of grants and loans originating from ODA. The grants and loans are to the company, to GSL and then GSL has got a total budget and I suppose you could argue that a part of the inducement allowance comes out of it because it would then be considered to be pro rata to their total income but it is not that the ODA is paying that money whereas I think on the first part, Mr Speaker, the first amendment talks about emoluments paid in UK. I think we are talking about a situation where we have always assumed that in any case since the law provides that income that is taxable in UK you can offset against any tax liability in Gibraltar, then, presumably, if the emoluments are paid in UK by the British Government, then it seems odd that we should need to legislate not to tax it here. I can only say that if we need to do this to 1983 then we ought to be thinking of doing it considerably further back than 1983. We have been paying a lot of consultants, I am sure, tax free emoluments. A lot of consultants, Mr Speaker, going back many, many years and if we do it in 1983 and we have not taxed them and the statute of limitation that the Honourable Member mentioned is 6 years, then the Commissioner of Income Tax has now got an obligation to go back to the people 6 years back who are not exempted under this legislation, that is, the people who have been paid emoluments in the United Kingdom prior to 1983 and have not paid tax will now have to be pursued by the Commissioner of Income Tax. Unless, Mr Speaker, I have read the law incorrectly in which case I will allow the Member to interrupt me and explain to me where and why I am reading it incorrectly but to me, logically, it seems we are being asked to correct an anomaly in our law. We are being told in this House that since July, 1983, there have been consultants engaged outside Gibraltar and paid in the United Kingdom by the United Kingdom Government who technically acquired a tax

liability in Gibraltar and should not have and that makes sense. I think it makes sense to any person outside this House that if the British Government is sending somebody out here at their expense to give us advice, it is a bit of a cheek if on top of that we tax the bloke when he steps off the plane, I think the average person will understand that. My argument there would be, well, fine, if we need to do that to correct something that is wrong, if we are so concerned about putting the law right, why the 1st July, 1983, there have been many cases before 1983.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the answer to that is that it is common sense.

HON J BOSSANO:

I don't see why, Mr Speaker, if somebody got emoluments in June, 1983, there is more common sense in allowing him to break the law in June, 1983, than allow him to break the law in July 1983. Is it a totally arbitrary figure or is there somebody caught out by July that is not caught out by June, or what? What is the explanation for the 1st July, 1983? The House, Mr Speaker, is entitled to have the justification provided by the Member that is asking for support for a measure of legislation. We are not saying we are against this just because the view of the Opposition is that if the Government says yes we say no. We are saying, you convince us that this is necessary or desirable or correct. I have already mentioned that we have got an objection in principle to going back to 1983 when Members of this side of the House, with the exception of me, have been asked to make something legal in 1983 and they were voted by the people of Gibraltar to this House in 1984. I think there is an important parliamentary principle at stake that people are voting laws when they had no right to vote those laws when the laws are coming into effect, a year before they arrived. If it is something that there is an anomaly, a mistake, something that is important that is going to affect people and we need to put it right, alright. The argument was to some extent acceptable in the case of the Imports and Exports Ordinance, although it, seems to me more a technicality, as the Honourable Member said, that GSL is not a public utility and is not therefore covered by that section of the Imports and Exports Ordinance but he certainly has not explained why we are doing this for money paid in UK in the last two years but not for money paid before the last two years when it would have been equally liable to income tax and equally not being subjected to income tax. As far as the second part is concerned, we have to say that we are completely opposed to that. We are opposed, certainly, to GSL managers being paid tax free inducement allowances backdated

to 1983, GSL opened its doors, Mr Speaker, on the 1st January, 1985, not on the 1st July, 1983. So what are these inducement allowances that we are making tax free from July, 1983, and who was getting them, where were they? The yard did not start functioning until the 1st January this year. We will be, in fact, opposing this measure but even so, Mr Speaker, if the Government thinks that they can come up with rational arguments that will justify us doing something that we consider to be totally incorrect and improper and devoid of common sense, quite frankly. We are legislating here for inducement allowances to a company that did not exist in 1983. It was not even incorporated. How can you make tax free payments to managers of a company that didn't exist in 1983, and that did not open its doors until 1985? And if they don't exist why are we legislating? I mean it makes a nonsense of the whole thing, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, two points. The Hansard which was read is correct except on the last question of the Honourable Member was not answered since the Speaker said 'Next Question'. However, I have been able to find out from some people who work hard and late, and I think that the Hansard is perfectly correct. The inducement allowance, where it says - "The salary of the Director of Tourism will be whatever it is, plus an inducement allowance of £4,000. In addition both the basic salary and the overseas inducement allowance will attract a 25% tax free gratuity payable at the end of his 3 - year contract". Then Mr Bossano says: "25% duty will be paid on the salary and the allowance. Am I right in thinking that the gratuity itself will not be liable to income tax", and he said no. He pays income tax on his total emoluments while he is here. What he doesn't pay tax on is the gratuity which covers 25% of his total emoluments.

HON J BOSSANO:

If the Honourable Member will give way. If I asked will the allowance be liable to income tax and the answer is no, I take that to mean, no it will not be liable to income tax not, yes, it will be liable to income tax.

HON CHIEF MINISTER:

What we told you is that you are not right in thinking that the gratuity itself will not be liable to income tax and the allowance will be liable to income tax. A perfectly proper reply. It was a simple reply to a lawyer's question. Members opposite, of course, can vote as they please. I think that the question made on the point about 1983 in this

Bill will be the subject of discussion at the Committee Stage. I must look into that point.

HON MAJOR F J DELLIPIANI:

Mr Speaker, of course I am not going to support anything that the Honourable the Leader of the Opposition has said but every time the Gibraltar Shiprepair Limited is mentioned in any form I will express my views on the Gibraltar Shiprepair Limited and the policies that they have introduced and the way that they are operating. The Honourable Financial and Development Secretary did mention the question of inducement allowances to bring all these experts from all over the world. He said that this was part of the policy of the Gibraltar Shiprepair Limited

MR SPEAKER:

No, in fairness what the Financial and Development Secretary said was that the policy of the company was to cut down on expenses.

HON MAJOR F J DELLIPIANI:

That is exactly what I was going to say. I hope that some day or other I will see this programme where they actually produce the chaps who are going to replace the fantastic experts that have come over from all over the world because I still have not seen a programme and until I see a real programme I am very doubtful whether this is going to happen and we are going to have another colonial situation which we had before with the Ministry of Defence.

HON J C PEREZ:

Mr Speaker, it is not for nothing that they call Major Dellipiani the Opposition Member that votes with the Government.

HON CHIEF MINISTER:

We can afford to have a party of people who express their views and still toe the party line.

MR SPEAKER:

Does the Honourable the Financial and Development Secretary wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, 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 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 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 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 (1980/81) ORDINANCE, 1985

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, 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 FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Supplementary Appropriation (1980/81) Bill,

1985, seeks to appropriate a net unauthorised excess expenditure totalling £120,553 incurred in the financial year ended 31st March, 1981, on six of the Consolidated Fund Heads of Expenditure and which was the subject of comment in paragraph 26 of the Principal Auditor's Report for 1980/81. Details of the excess expenditure by sub-heads is detailed in the schedule of the Supplementary Estimates 1980/81 which I tabled earlier in the meeting. Only the net excess in the Heads requires appropriation. The totals by sub-heads exceed the amount to be appropriated as the savings in the other sub-heads are deducted in order to arrive at the net excess. No extra money will be required.

MR SPEAKER:

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

HON J BOSSANO:

This is an even more important general principle, Mr Speaker. At this rate I can see ourselves passing Supplementary Appropriation Bills dating back to when the Honourable and Learned Chief Minister first arrived on the political scene. I think everything that I have said about going back to 1983 applies with even greater sense to going back to 1980/81. Alright, the money has been spent, I know that the money has been spent, but the money has been spent without the authority of the House of Assembly. The House of Assembly is now authorising the expenditure of money that took place when totally different individuals made up the House of Assembly. I don't think, Mr Speaker, that it is anything that happens with any great frequency in any other Parliament in Western Europe, quite frankly. I would be very surprised if in the House of Commons you had a situation where Mrs Margaret Thatcher was to bring to the House supplementary appropriation bills dating back to Harold Wilson, quite frankly. I don't think one can simply sweep it off and say, well this is just an accounting thing. It might be a technical thing but we take our job seriously in this House. It is much easier, Mr Speaker, to simply sit here and say 'aye' to whatever goes through and that is it. As far as we are concerned, we are trying to earn our keep by standing up and putting across reservations that we have about things that we consider to be important matters of principle. This is why we are talking about the general principles of the Bill. The general principle of the Bill as far as I am concerned is not about the fact that we are appropriating £X but that we are appropriating £X with effect from 1980/81, when it does not mean anything anymore. I find it peculiar to say the least, Mr Speaker;

that if this is picked up at the end of the financial year when the auditor makes his comments.....

HON CHIEF MINISTER:

Surely, if you see the explanatory memorandum, this arises out of the report of the Public Accounts Committee. They used to be lawful in the past, they are much less now. These were identified after the examination by the Public Accounts Committee of the Auditor's Report as having been money spent for which there was no parliamentary authority. It is not now that it was found, it was found then. Why it has come now is another matter, it should have come immediately after the report.

HON J BOSSANO:

This is precisely what I am questioning, why is it coming now and not then. Because it is coming now, the principle that I think is at stake is that we are now deciding something which if it had come then might not have been decided, presumably, that is, that the views that we put forward in authorising this expenditure need not necessarily be the views that would have been held by the people who were here then.

HON CHIEF MINISTER:

But the people who recommended this Ordinance were the people who were elected when the money was spent and who looked at the whole thing and after having sifted all the inquisitional work to which my colleague referred this morning, identified these items as being the items that had not had parliamentary authority.

MR SPEAKER:

There must have been an Auditor's comment already.

HON J BOSSANO:

Of course, before that. If we take the one dealing with the financial year ending 1983, there is no reference there to the Public Accounts Committee. The report of the Principal Auditor on the Annual Accounts of 1982/83, states, inter alia, that excess expenditure incurred in the financial year ending on the 31st March, £48,000 in the Consolidate Fund, and £121,000 in the Improvement and Development Fund.....

MR SPEAKER:

It does refer to the Public Accounts Committee.

HON J BOSSANO:

The Expenditure Committee, Mr Speaker, not the Public Accounts Committee. The Expenditure Committee is a Committee of the Government.

MR SPEAKER:

The explanatory note says that the House of Assembly has approved the third report of the First Session of the Public Accounts Committee.

HON J BOSSANO:

This is the one the Honourable Member has quoted. I am saying that the next one does not say that.

HON A J CANEPA:

That is because in respect of the Principal Auditor's Report for the Financial Year 1982/83 the Public Accounts Committee never got around to considering that because there was a general election in January, 1984.

HON J BOSSANO:

And we do not agree with the Public Accounts Committee and we refuse to take part in it and it has disappeared but it still does not alter the principle, Mr Speaker, that we are bringing legislation here, long after the event, and assuming the responsibility here today for approving money that has already been spent and that the people taking part in that vote, to a large extent, are people who were not members of the House of Assembly at the time the money should have been approved. That is the point I am making and I am making it in relation to all these backdated Supplementary Bills. I have been in this House, Mr Speaker, for thirteen years and I know, from past experience, that when we have retrospective legislation the Government has come along and virtually apologised for infringing an important principle of not legislating retrospectively.

HON A J CANEPA:

We won't do so on the pensions for part-timers, we won't apologise.

HON J BOSSANO:

I don't see how you can apologise, Mr Speaker, because there is nothing left now to apologise, you have had to eat

humble pie so many times. I think that you have run out of apologies on that one but there you have got an agreement which you have not fulfilled. This is a situation where you are bringing laws and you have never done this before, Mr Speaker, in this House of Assembly to this extent. There have been occasions when something has had to be corrected with retrospective effect and there have usually been powerful and compelling reasons why we were doing something that was abnormal. Here we are and practically two thirds of the Bills that we have got in this meeting of the House all deal with things going back two years and three years and four years. On this occasion, I think on this particular Bill we will abstain to demonstrate the reservations that we have got on this matter.

HON CHIEF MINISTER:

It is very undesirable, I entirely agree. But on the other hand, once they are identified, and in fact the purpose of the Public Accounts Committee now when they look at the accounts and they find that some expenditure has been incurred without parliamentary authority, I think if I may say so with respect, it magnifies the importance of the control of expenditure of the House in bringing this because this has all been paid and done away with but it is still not legal until it is authorised by the House and it is undesirable. I think the reason why three Bills should come together, I do not know exactly the details, but it is quite clear that one of them was the subject of a Public Accounts Committee Report which recommended it, one was because they would not take it on yet because they took so long with the first one, it took over a year. Normally you should do that every year as it comes, and now it is done by the Expenditure Committee which has substituted the Public Accounts Committee. Except for the present one, which is on-going and which we will discuss in detail because there are schedules, the others are all of the same principle. I take the point of Honourable Members. I respect their abstention but I am glad they are not voting against.

MR SPEAKER:

May I ask whether the Honourable the Financial and Development Secretary wishes to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, 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 A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Macarenhas
The Hon J B Perez
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

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 Dr R G Valarino

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 (1981/82) ORDINANCE, 1985

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, 1982, 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 seeks to appropriate the net unauthorised excess expenditure totalling £4,591 incurred in the financial year ending 31st March, 1982, on two of the Consolidated Fund heads of expenditure which was the subject of comment in paragraph 17 of the Principal Auditor's Report for 1981/82. Details of the excess expenditure by sub-head is detailed in the Schedule of Supplementary Estimates 1981/82 which I tabled earlier in the meeting. Only the net excess in the head requires appropriation. The totals of five sub-heads exceed the amount to be appropriated but savings in the other sub-heads were deducted in order to arrive at the net excess.

MR SPEAKER:

Does any Honourable Member wish to speak on the general principles and merits of the Bill. I imagine Mr Bossano that some of your comments in the first Bill applies to this one.

HON J BOSSANO:

Yes, it applies to this one.

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 A 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 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 (1982/83) ORDINANCE, 1985

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, 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 FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Supplementary Appropriation (1982/83) Bill, 1985, seeks to appropriate the net unauthorised excess expenditure incurred in the financial year 1982/83. There was excess expenditure on four Consolidated Fund heads totalling £48,282 and of £121,964 on IDF Head 110 - Electricity Service. These excesses were referred to in paragraph 13 and 40, 41, respectively, of the Principal Auditor's Report.

HON J BOSSANO:

Mr Speaker, we shall be voting against this. This is a matter that we raised, I think, last year in the context of the audited accounts for 1982/83, and we have raised it since in correspondence, I think, with the Honourable Financial and Development Secretary. I may be mistaken, I may be identifying the wrong item, but if I am not mistaken, we have got a situation here where the money allocated to the Improvement and Development Fund included part of the running costs which the Auditor commented should have been more correctly treated as part of the recurrent expenditure and instead was included in the Improvement and Development Fund and subsequently subject to the same amortisation policy as the question of the equipment and the building. We disagreed, that is, we agreed with the Auditor's view that the running costs should have

been allocated to the cost of producing electricity in that year and not spread over the 20 years and that the fact that part of that running cost was financed by a direct contribution and part of it was financed by obtaining supplier credit, does not alter the economic function of allocating running costs to the year in which they take place and allocating capital expenditure to what is considered to be the relative life of the asset which is purchased with that money. Consequently, the source of the finance does not alter the analysis, this is a point made by the auditor in the 1982/83 report which we raised when we noted the Auditor's Report last year and I think I raised it in a question which, in fact, the Honourable Financial and Development Secretary answered a few weeks ago in correspondence. Therefore, we are against it because we disapprove of the way it was done.

MR SPEAKER:

Any other contributor? Then I will call on the Honourable the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I note what the Honourable Member says, and I confirm that we are in fact talking about the same thing. I have really nothing to add to what has already been said in this House and, indeed, to what I said in correspondence with him. I accept that he does not accept my point of view and I appreciate he has a different one.

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 Thislethwaite
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 Mór

The Hon J C Perez
The Hon J E Pilcher

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, 1985

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. I do not think, indeed, it is not customary Mr Speaker, for the Financial Secretary, in introducing a Supplementary Appropriation Bill, to make an extensive speech because any matters of detail can be taken by Honourable Members at the Committee Stage if they so wish.

MR SPEAKER:

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

HON J C PEREZ:

Well, Mr Speaker, notwithstanding the last comments of the Honourable Member opposite, I would just like to give notice that the explanations on Head 28, sub-head 1 and 2, are not very clear to me and I would like to give notice to the Honourable Member that I will be asking for a breakdown of this at the Committee Stage.

HON J BOSSANO:

We will be voting in favour of this and then we will wait until the Committee Stage.

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:

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 House recessed at 8.20 pm.

WEDNESDAY THE 27TH MARCH, 1985

The House started at 10.40 am.

COMMITTEE STAGE

MR SPEAKER:

I will remind the House that yesterday evening we finished the Second Reading and we will now move to the Committee Stage.

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that this House should resolve itself into Committee to consider the following Bills clause by clause: The Public Health (Amendment) Bill, 1985; The Control of Employment (Amendment) Bill, 1985; The Landlord and Tenant (Amendment) Bill, 1985; The Imports and Exports (Amendment) Bill, 1985; The Income Tax (Amendment) Bill, 1985; The Supplementary Appropriation (1980/81) Bill, 1985; The Supplementary Appropriation (1981/82) Bill, 1985; The Supplementary Appropriation (1982/83) Bill, 1985; and the Supplementary Appropriation (1984/85) (No.2) Bill, 1985.

This was agreed to and the House resolved itself into Committee.

THE PUBLIC HEALTH (AMENDMENT) BILL, 1985

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 CONTROL OF EMPLOYMENT (AMENDMENT) BILL, 1985

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 LANDLORD AND TENANT (AMENDMENT) BILL, 1985

Clause 1

HON ATTORNEY-GENERAL:

Sir, I beg to move two amendments to Clause 1. Firstly, Sir, to delete the reference to sub-clause 1 and in Clause 1 to omit the figures '1984' and substitute them for the figures '1985'.

Mr Speaker then 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

HON ATTORNEY-GENERAL:

I beg to move that Clause 2 be amended by omitting the word 'revoking' and substitute the word 'repealing'.

Mr Speaker put the question on the terms of the Hon the Attorney-General's amendment which was resolved in the affirmative.

MR SPEAKER:

I understand, Mr Baldachino that you have an amendment to Clause 2.

HON J L BALDACHINO:

Mr Chairman, I would like to move that Clause 2 should be amended by removing the fullstop and the addition of the following words: "and by amending Section 22 by deleting the words "that this Part shall not apply" where these appear therein and substituting therefore the words "a new statutory rent taking into consideration the capital expended in the structural alteration and the improved nature of the accommodation provided, which shall apply". Mr Speaker, as the

Ordinance stands now, it sees a way of decontrolling pre-war dwellings in such a manner that landlords only have to carry out certain alterations and the dwellings can then be decontrolled in that way. If that happens, Mr Speaker, then three things could occur. One of them is that being a decontrolled dwelling, the tenants of those dwellings would not be able to claim rent relief if the rents are high and I am saying this, Mr Speaker, because even though I have been looking through records, I have not found anywhere where it says how many such dwellings are in the private sector. I think there are about 400 of those dwellings. And if we look at the composition of the dwellings, seeing that they are in the nature of pre-war, obviously, one can assume that people living there or the persons living in such dwellings are elderly people because they have been there a long time. If we decontrol the dwellings as is stated in the Landlord and Tenant Ordinance of 1983, Section 32, as it stands now, then the burden could be put on them by a higher rent. In turn, they would not be able to claim rent relief for those dwellings because it is not provided for in the regulations of rent relief for private dwellings. Even if we take into consideration, Mr Speaker, what the Honourable Minister for Housing said that they were looking into the question of rent relief, that would not be the case because it could become a decontrolled dwelling and what they are looking into might not reach that far, going by what the Honourable Member said. Also, Mr Speaker, it would be a farce to have Section 15 because Section 15 of the Landlord and Tenant Ordinance is where a landlord and a tenant agree on the rent and then that rent is registered and it becomes the statutory rent as a fair rent. Therefore, I am sure, Mr Speaker, that if a landlord has the two options, obviously the option he would take would be to carry out certain alterations on the dwelling itself and then have it decontrolled rather than have a negotiation between landlord and tenant. As a matter of fact, Mr Speaker, by having this Section 32 as it stands, it could be a burden on Government because most probably they could either find themselves with more people homeless or with a decision of having to make facilities for those people and they will then be subsidising private landlords in that way. Having said that, Mr Speaker, I understand that rents in the private sector on controlled dwellings such as the pre-war ones have very low rents and therefore there is no incentive for the landlord to carry out repairs because of the low rent they are getting. My amendment, Mr Speaker, makes provision for that. My amendment, Mr Speaker, protects the tenant, protects the Government and at the same time gives a margin to the landlord to be able to increase the rent. What my amendment says, Mr Speaker, is that if the landlord carries out certain repairs then the Rent Assessor could assess the rent for that dwelling and it would then

become a statutory rent. In that way the landlord would be able to increase the rent at the same time as protecting the tenant by having it controlled. Giving the housing situation in Gibraltar to decontrol completely at this stage, Mr Speaker, could result in a lot of people at the lower income bracket being left without any dwelling whatsoever and then the burden would be on the Government either to provide housing for those people or, Mr Speaker, as I said before, by extending rent relief for those dwellings and they would have no justification if they do that, not to extend rent relief to other dwellings which are post-war and decontrolled. I think this amendment is more equitable for the tenant in a Landlord and Tenant Ordinance which this side of the House thinks has very little provision or very little protection to the tenant itself and if we take the Landlord and Tenant Ordinance as it stands now it would further reduce the little protection afforded to the tenants. I think, Mr Speaker, that the amendment I am bringing to the House is a fair one in that it provides protection to the tenants in pre-war dwellings, it might alleviate the Government's burden and also, Mr Speaker, it will allow a margin to the landlord to increase the rent.

Mr Speaker proposed the question in the terms of the Honourable J Baldachino's amendment.

HON CHIEF MINISTER:

Mr Speaker, on a point of clarification. What the Honourable Member is seeking to obtain is the automatic enquiry by the Rent Assessor into assessing flats that have been repaired or improved, rather than that the landlord should go to the Rent Tribunal and ask that this be done. Is that not the main point?

HON J BOSSANO:

On the Government's proposal the Rent Tribunal would not fix a rent, the Rent Tribunal would determine that the Ordinance would not apply and therefore the landlord would then be free to fix whatever rent he likes. What the amendment seeks to do is to replace the non applicability of rent control by the applicability of rent control, but at a fair rent, not at the old statutory rent.

HON M K FEATHERSTONE:

As long as that is the rent which is acceptable by the Rent Assessor.

HON J BOSSANO:

Yes.

HON J BALDACHINO:

Mr Speaker, what we are trying to achieve by this amendment is that if a landlord carries out certain alterations to the building, we personally think that being a controlled dwelling and having such a low rent, the rent should be increased but it should not be completely decontrolled so, therefore, if you use the Rent Assessor, then the Rent Assessor could establish a statutory rent or a fair rent.

HON J BOSSANO:

What we are proposing, Mr Speaker, is that the criteria that the Rent Assessor should use in deciding what the new rent should be, should in fact reflect the investment made by the landlord.

HON M K FEATHERSTONE:

Taking into consideration the point that has been raised by the Honourable Mr Baldachino, on the condition that the new statutory rent is acceptable to the Rent Assessor, we can go along with the amendment.

HON ATTORNEY-GENERAL:

I think sub-section 4 will have to be amended. When an Order made under this section comes into effect, the premises to which it relates shall thereupon cease to be a dwelling house or dwelling houses to which this part applies. It remains within the Ordinance as an increased rent fixed by the Rent Tribunal and therefore Subsection 4 must go.

HON J BOSSANO:

Mr Speaker, as we see it, it isn't so much that it is acceptable to the Rent Assessor but that in fact the Rent Assessor is the person in the ideal position to establish what the rent ought to be, except that in the case where the rent is being fixed under Section 22 it will be able to go beyond the limit otherwise laid down in the Ordinance. As we see it, it is reasonable that if a landlord is improving the property, then he ought to be able to obtain a reasonable return on his investment and, therefore, if he cannot do it he won't improve the property and that is not good for the development of the private sector market and development of Gibraltar and the economy, generally, so we

can see the logic of that being there. However, on the other hand, if one can think of a situation where you have got a very low statutory rent and you can obtain decontrol by investing money, then irrespective of the economic logic of it, it may be a good way of decontrolling the property where the purpose is not the actual investment and the return on the investment but a way of getting it out of the law.

HON ATTORNEY-GENERAL:

Sir, I beg to move that the Hon J L Baldachino's amendment be amended by the addition of the following words after the last word 'apply' - "and by the consequential repeal of subsection 4 of Section 22".

Mr Speaker put the question in the terms of the Hon the Attorney-General's amendment to the amendment which was resolved in the affirmative and the amendment to the amendment was accordingly carried.

Mr Speaker then put the question in the terms of the Hon J L Baldachino's amendment, as amended, 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 ATTORNEY-GENERAL:

I beg to move one amendment and that is to omit the word 'revolving' and substituting therefor the word 'repealing'.

Mr Speaker then 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

HON J L BALDACHINO:

Mr Speaker, I have a further amendment to Clause 5, and it reads as follows. That Clause 5 be amended by the removal of the fullstop and the addition of the following "and Section 29(1) is amended (a) by omitting the words "to which this part applies" where these appear therein. (b) by deleting the word "produce" in subsection (b) where this appears and substituting the word "submit" and (c) by omitting the words "at the request of the Rent Assessor" where these appear therein and adding the words "who shall maintain a record of the particulars

inserted in the rent book". Mr Speaker, I will not take up much of the time of the House on this one because this one does not affect either the tenant or the landlord. The intention behind my amendment is more on the monitor side, where the Government can monitor the development in the private sector in rents and of the levels that private dwellings are being rented if there is an increase or a decrease, which at the same time will help the Government to project in the future what the housing needs of Gibraltar are. At the same time, Mr Speaker, if this amendment is accepted, then the Government will be able to see if they are recovering the right amount of tax and therefore in that way monitor the situation. It does not in any way, Mr Speaker, affect either the landlords or the tenants because it is not controlling or decontrolling anything. All that the Ordinance is doing, Mr Speaker, is that the landlord provide the Rent Assessor with all the details of the property that he is renting. Mr Speaker the intention is to help the Government to monitor the private sector and nothing else.

Mr Speaker proposed the question in the terms of the Honourable J L Baldachino's amendment.

HON M K FEATHERSTONE:

Sir, I am afraid that we cannot go along with this amendment. This amendment basically purports to widen the need to keep rent books etc, to every rented accommodation rather than to only those to whom the Landlord and Tenant Bill under this part should apply. We cannot see that there is any basic need. Government, I think, has ample opportunities to monitor what rents are being charged through the Income Tax Ordinance on landlords and we do not think that it is essential that those properties which are not included in the part under discussion should have to have a rent book provided, etc.

HON J BOSSANO:

First of all, I think the argument that has just been put by the Honourable Member that he is able to obtain the rent paid in properties by the income tax returns of the landlords, is nonsense. The Honourable Member knows full well that every time we have asked questions about people's income tax returns, including people who are paid by Government, we have been told that this breaches the confidentiality provisions of the Income Tax Ordinance. Unless he can clarify he can do it in the case of rents and in no other case, I think that is a smoke screen. If the Government does not want to have that information, it is very peculiar because, in fact, they provide here for the information to be available on the initiative of the Rent Assessor. What we are suggesting is

that instead of the landlord having to produce the information to the Rent Assessor at his request, it ought to be an automatic thing and I will remind the Hon Member that I have been making this point since the Select Committee was set up in 1980, that it is important for Government, even if they are not controlling, at least to know what is happening, at least to know what is the standard of the average or the range of rents in the private sector. How can the Government think in terms of economic development, in terms of encouraging landlords, in terms of people investing in postwar property to rent if they have got no idea what is the rent and they certainly cannot get them from income tax returns. This gives a situation where there would be an automatic flow of information to the Government which the Government can use if it wants and not use if it does not want but at least it will be there. Secondly, I think it gives a very limited measure of protection which is indefensible not to give given the history of this legislation. I would remind the Member that it was his Government that brought legislation to this House controlling rents until 1980. Property up to 1980 were to be controlled originally and then this thing went to a Select Committee and the date was 1965. And then from 1965 it became 1954, and then from 1954 it became 1945, and the situation now is that the only properties that are going to be controlled under the new Ordinance are the properties that are controlled under the old Ordinance because we were told in a meeting of the House, in answer to a question that I put to the Honourable Member, that there were no houses built between 1940 and 1945. So though we are, theoretically, moving the date of controlled properties from 1940 to 1945, we are doing it in the knowledge that it does not alter the houses controlled because none were built in that period. We are suggesting that having gone back entirely on the whole philosophy that they produced in the House as the reason for the need to introduce an amended Landlord and Tenant Ordinance because the other one was out of date and we are now talking about properties built 45 years ago and that there was a need to update that, having started on that road and having gone back completely on it, we think that the least that a landlord can be required to do is to give his tenant a rent book so that the tenant has got a piece of paper as evidence of the rent that he is paying. Why should he not have that right? If the Government is not prepared to give him any protection at least let the person have evidence of the rent that he is paying and let there be an official record kept by the Government of what is happening in the private sector. I really cannot understand why the Government should resist an amendment which is simply putting a very limited protection in the hands of the tenants, in the sense that at least he can prove the rent he is paying, he has got evidence of it, and in UK it is normal. It is normal in all Rents Acts and Housing Acts that people should be entitled

to
of a rent book as evidence of the rent that they are paying. We are suggesting that by having a flow of the details of the rent book having to be copied to the Rent Assessor, even if nothing can be done to stop exorbitant rents, it might be an influencing factor in putting a limit to how far people are prepared to go. I suppose there may be some landlords who will think twice particularly even though as I said already there isn't a way of checking the returns on the income tax because this is not permissible under the secrecy provided in the income tax ordinance, even though that may be the case, it may be that if the person is putting one thing in the rent book and another thing on his tax return he may think twice about doing it if it has to go to an official Government Department. The proposal that we are making is only something that makes good Government and we do not see why they should resist it.

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

The amendment was accordingly defeated and Clause 5 stood part of the Bill.

Clause 6 was agreed to and stood part of the Bill.

Clause 7

HON ATTORNEY-GENERAL:

Sir, I beg to move that this Clause be omitted from the Bill.

Mr Speaker, Clause 7 purports to amend Section 62 of the Ordinance. Section 62 of the Ordinance in Part IV, and as I said in answer to Question No. 136 of 1985, the Government wishes to take a little more time to think about Part IV of the Ordinance having regard to the open frontier situation.

MR SPEAKER:

Does any Member wish to speak on the proposed amendment for the deletion of Clause 7.

Mr Speaker put the question which was resolved in the affirmative. Clause 7 was accordingly deleted.

Clause 8

HON ATTORNEY-GENERAL:

I beg to move that this Clause be omitted from the Bill for the same reasons as I gave for the omission of Clause 7.

Mr Speaker then put the question which was resolved in the affirmative and Clause 8 was accordingly deleted.

Clause 9

HON ATTORNEY-GENERAL:

I beg to move two amendments to this Clause. The first amendment is to renumber Clause 9 as Clause 7, having regard to the omission of Clauses 7 and 8, and to omit the present Clause and substitute a new Clause in the terms of the amendment which has been circulated. Sir, this Clause, as circulated, follows the present Section 16 of the Ordinance fairly close and the only real changes are to re-name the former Sinking Fund as the Reserve Fund and to ensure that a percentage of all the rents received are paid into the Reserve Fund. Section 16 required only the rent receipt from domestic premises in the building to be paid into the fund. This was somewhat at odds with paragraph 16 of the report of the Select Committee which stated that the landlord must put 33½% on all rents received aside into a Sinking Fund.

Mr Speaker then proposed the question as moved by the Honourable and Learned the Attorney General.

Mr Speaker then put the question which was resolved in the affirmative and Clause 9, as amended, was agreed to and stood part of the Bill.

Clauses 10, 11 and 12

HON ATTORNEY-GENERAL:

Sir, I beg to move that Clauses 10, 11 and 12 be renumbered Clauses 8, 9 and 10.

Mr Speaker put the question which was resolved in the affirmative and the Clauses were accordingly renumbered.

Clause 13

HON ATTORNEY-GENERAL:

Sir, I beg to move that this Clause be omitted from the Bill. This is one of the Schedules, it deals entirely with business premises and as I said in answer to Question No. 136 Government wishes more time to think about business premises.

Mr Speaker put the question which was resolved in the affirmative and Clause 13 was accordingly deleted.

New Clause 11

HON ATTORNEY-GENERAL:

Sir, I beg to move that a new Clause 11 be inserted in the terms of the amendment which is being circulated. Sir, this amendment is similar to the amendment made by Clause 4 of the Bill and extends the provisions of paragraph (g) of the second schedule to include the son or daughter aged over 18 years of a previous marriage of either the husband or his wife.

Mr Speaker then put the question which was resolved in the affirmative and New Clause 11 was agreed to and stood part of the Bill.

MR SPEAKER:

Since we are in Committee Stage, may I ask, as a man who is involved in these things professionally, if the Ordinance is intended to be enforced as from the 1st of July and if Part IV is not going to be done, what happens? Will the moratorium be lifted for the business premises or what is going to be the position?

HON CHIEF MINISTER:

We will deal with the business premises as one. In fact, in the United Kingdom the Landlord and Tenant Act of 1954, which was the one that was introduced here, is separate from dwellings.

It was made all in one here for the sake of convenience in 1959 or whenever it was that the Landlord and Tenant Ordinance was amended.

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

HON J BOSSANO:

The bringing into force of the amendment of the 1983 Ordinance will not repeal the whole of the old Landlord and Tenant Ordinance, is that the case?

HON CHIEF MINISTER:

No.

HON J BOSSANO:

So we will have the new Ordinance coming into effect for the purpose of dwelling houses and the old Ordinance remaining in force for the purpose of business premises.

HON CHIEF MINISTER:

And the moratorium.

THE IMPORTS AND EXPORTS (AMENDMENT) BILL, 1985

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 INCOME TAX (AMENDMENT) BILL, 1985

Clause 1

HON CHIEF MINISTER:

I have considered the points made last night in consultation with the Financial Secretary and the Attorney-General. I do not think there will be any harm in making the first part, I do not know how the amendment would go. I suppose sub-clause (2) of Clause 1 would have to be amended accordingly but subparagraph (r) will be deemed to have come into operation as stated there, on the 1st July, 1983, in fact, the operation and the consultancies started at the beginning of 1983 but for neatness for financial year purposes it should only be July, 1983. With regard to subclause (s), 'the date on which the Ordinance shall be deemed to have come into operation shall

be the 1st March, 1984 which is the date of the incorporation of GSL or rather the day after the incorporation. I think that meets mainly the point. I know it is not very pleasant to have to go back but it meets the point made by the Leader of the Opposition as it can be done in the circumstances.

HON J BOSSANO:

Mr Speaker, it is not just a question of making it tidier. If one is talking about the inducement allowances of the managers of GSL then

HON CHIEF MINISTER:

If the Hon Member will give way. I spoke about (r), making it tidier to leave it at the 1st July even though there were some consultancies before then but that is because it is the cut-off point at the beginning of the taxing year, not in respect of the second one.

HON J BOSSANO:

Mr Speaker, we have got an Ordinance brought to the House by the Government and the Government doesn't seem to be able to explain to the House why it is doing it.

HON CHIEF MINISTER:

I think we have.

HON J BOSSANO:

I don't think so. With due respect to the Hon and Learned Member, I don't think he has because he cannot tell the House that he only realised between yesterday and today that GSL was incorporated in March, 1984.

HON CHIEF MINISTER:

I didn't I can't tell you that straightaway, I am honest enough to tell you. I didn't link one with the other. I admit it, why should I not admit it?

HON J BOSSANO:

We have had, I think, a situation very recently, the number of the amendments that we have now passed in relation to the Landlord and Tenant Ordinance are, in fact, the amendments so that our laws can be grammatically correct. We have had situations in previous Ordinances where, clearly, somebody's shaky drafting has produced situations where an amendment

has been put. I was recently shown an amendment to one particular section where it was quite obvious that the amendment should have been in substitution of what was there and it was put in addition to what was there so you had one clause in an Ordinance which started off saying black and ended saying white. How do you actually enforce laws like that and therefore I think if the Government brings a law to the House of Assembly, one would think that they had done their homework on it and that they would be able to answer questions as to why they are doing it because although they have got a majority to pass the law, theoretically, in a parliamentary system, the House is supposed to have to be persuaded about the wisdom of the actions that are being suggested to it. When I raised it in the earlier stage I was told that it could be dealt with in Committee. Well, what is being suggested in Committee Stage is that we apply the 1st July to the emoluments paid in UK to consultants from 1983 and that we apply the 1st March for the inducement pay to individuals recruited from outside Gibraltar and seconded to a company wholly owned by the Government of Gibraltar. I mentioned, in fact, that there are two companies wholly owned by the Government of Gibraltar, the Gibraltar Quarry Company and Gibraltar Shiprepair Limited and consequently the amendments that we are carrying out to the law apply to both. It says "either directly or indirectly", Mr Speaker, and the money that set up the Gibraltar Quarry Company, if the Hon Member looks back in the Improvement and Development Fund, was money that came from ODA to the Government of Gibraltar and from the Government of Gibraltar the equipment was then passed over to the Gibraltar Quarry Company. It is quite obvious that the process is the same, one can argue that the money that GSL is obtaining it is not obtaining from ODA, it is obtaining from selling shares to the Government of Gibraltar.

HON CHIEF MINISTER:

I don't think the Hon Member need worry very much whether it applies to the Quarry Company or not, if it applies, it applies.

HON J BOSSANO:

It is not that I am worried about it, Mr Speaker. It is like saying: "We are going to pass a law and we don't need to worry about it very much because it doesn't really apply to anybody in Gibraltar". What is the point of doing it when we have got a situation when we are told in this House, with innumerable apologies that the pressure on the Hon and Learned Attorney-General's Department is such that important and required legislation has to wait for years, why does he spend time drafting unnecessary legislation? The pensions amend-

ment is going to have to be done eventually backdated to August, 1977, and here we are passing legislation which doesn't apply to anybody. I don't know why he is doing it. I was asking, is it that the Government have discovered that people have been paid who should have been liable to tax and have not paid tax or is it that people have been taxed and are going to get the tax reimbursed. I have had no answer. It must be one or the other, logically, because if, in fact, there isn't anybody in either category between July, 1983, and today, why are we doing it? Why are we passing legislation backdated to the 1st July, 1983, which applies to nobody? Is it because they have got so much time on their hands and so other little work to do in terms of legislation that they have to pass unnecessary and incomprehensible legislation? The onus of responsibility, Mr Speaker, is on the Member that introduces the Bill to the House to satisfy the House as to the necessity for that Bill. We have all got other things to do. There are other important things that require doing and I cannot see why the Government cannot come to the House and tell us: "This piece of legislation does not apply to the Quarry Company it would have been legislated for GSL but it wouldn't have applied to GSL because GSL did not exist and we don't know whether, in fact, anybody has been paid an inducement allowance which should have paid tax or hasn't or somebody has paid tax which now has to be rebated and we don't know whether there are people who have received emoluments in UK after July, 1983, and either have been taxed or not been taxed and we cannot tell you what happens to people who obtained emoluments before July, 1983, if they have got a tax liability which, presumably, one law, that is the Income Tax Ordinance, tells the Commissioner he must pursue because we are not legislating to exempt them.

HON CHIEF MINISTER:

I think the reality of the situation and I am only making my assessment because I think this is necessary and I think that with regard to the second point, there would be no liability for tax, or rather the liability for tax or for no tax would be from the 1st March. Any liability for tax would be up to the 28th February so that there is no liability for tax from the 1st March, 1984. That would bring in only to the end of June, 1985 so that the release that could be given would be that, that is, to regularise the situation. Probably because the whole matter was under discussion no assessments have been made. I don't know but all I want to say is that we do not bring it here, as far as I am concerned, unnecessarily. It is as a result of a lot of discussions at level of Government, the Board, and

so on respecting certain arrangements which were made at the beginning which were not formalised. I think that is as frank a reply as I can give you.

HON J BOSSANO:

Mr Speaker, by implication, what the Honourable and Learned Member has just said suggests to me that not just the second amendment but the first amendment is dealing exclusively with Gibraltar Shiprepair Limited or with A & P Appledore International, with one or the two. Presumably, we are talking about Gibraltar Shiprepair Limited and emoluments or inducement allowances of people recruited in UK in the case of GSL and presumably we are talking about the consultancy of A & P International before. But we are not legislating specifically for them. We are saying that the emoluments paid in the United Kingdom to an individual recruited from outside Gibraltar by consultants or contractors engaged on development projects or studies financed either directly or indirectly by ODA. I would then ask the Government what happens to the emoluments of the consultants engaged in 1983 who did the housing study? This applies to them, or does it not apply to them?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I think he has made a valid point and he has mentioned the Housing Study or others. It is not a simple matter and would not be a simple matter for the Commissioner of Income Tax to determine whether the individuals who came over here in connection with the housing consultancy were liable to Gibraltar tax. Before the commercialisation project got going, there would have been and indeed has been in the past, a number of consultancy engagements of a similar nature. I think one must have regard to (a) the relative infrequency in these and also the fact that it would not have been a simple matter for the Commissioner of Income Tax to determine whether they were liable because of the short duration of their stay and the problem of enforcement, in effect. What we are in effect saying is that before 1983, before the commercialisation project, the incidence of these consultancies was relatively rare. The Appledore situation, if you like, has drawn attention to a lacuna in the tax law, a technical point. Some of these consultancies may have escaped tax, it is arguable whether they would have been liable to tax but what is I think indisputable is that since the Dockyard commercialisation project there has been more of them. We were not thinking simply in terms of A & P Appledore but A W Wallace, whatever they are called, all the rest of them, quite a lot. The problem that really mounted to a dimension which, and again in the light of the comment

made by the Principal Auditor in the recent report, the problem cannot be ignored, it cannot simply be left to the discretion of the Commissioner of Income Tax because that would place an unfair burden on him.

HON J BOSSANO:

I am glad for that explanation, Mr Speaker, because quite frankly I think this is how the thing should have been introduced initially. If that is the thinking behind it, it should not have required so much to drag it out into the open.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, if the Honourable Member will give way. I have the notes of my speech. I hope he will read the Hansard report and see that I have not been totally remiss in explaining this matter.

HON J BOSSANO:

Mr Speaker, I asked him originally, is it that we have paid people gross emoluments which should have been taxed or is it that people have been taxed and are now going to claim a rebate. He could not tell me. I also mentioned to him, is it not the case that under the existing Ordinance if you are liable to tax in UK, because that is one of the arguments he used initially that it is unfair that if you are taxed in UK that you should be taxed in Gibraltar. I said then "But is it not the case that if you are taxed in UK that is taken into consideration in assessing your tax liability in Gibraltar?"

HON CHIEF MINISTER:

I know that, personally, in a very small way. A professional person who does any work in the United Kingdom and keeps the money in the United Kingdom has not got to declare it for purposes of income tax in Gibraltar because he is liable for income tax in UK.

HON J BOSSANO:

That is my understanding and therefore my argument is, why are we doing it? If the money is paid in UK, why are we doing it? My understanding, Mr Speaker, is exactly what the Honourable and Learned the Chief Minister has said that it is possible, for example, even for somebody based here in Gibraltar, that is what I have been told by people who have got clients outside Gibraltar, accountants, or legal practices

of what have you, who have got a clientele in Gibraltar and an international clientele. As far as they are concerned, the emoluments that they obtain from work that they do in Gibraltar, provided that they are not remitted here, don't have to be declared here because they are not earning the money here, they are earning the money there. That is my understanding of the position. If somebody contracted in UK, and I said that earlier on, if somebody is contracted in UK and if he is paid by the UK Government and if it is a UK firm, I think quite frankly that to say that they should not pay tax is a very sensible thing because it would appear very cheeky on our part if on top of the fact that we are getting the expertise and we are passing the bill to somebody else, on top of that we expect to tax the person who comes here and it is reasonable that he should not be taxed if he is being paid by the UK Government. If he has to pay tax at all then it is reasonable that the tax should go back to the Treasury in UK and not to the Government in Gibraltar. If we are financing it ourselves, then I would say a different consideration should apply. Even though technically it may simply cost more to pay in gross and deduct tax even then I still think it is better. This was the point made in relation to the Hawker Siddeley arrangement, that if you are paying for work done in the generating station which produces taxable income, even though in money terms the effect on the overall Government accounts on the Consolidated Fund would be unchanged if what you do is you pay 50% more gross and deduct 30% tax and you are left with the same amount because it is an expenditure on one side and an income on the other, even so it is a better reflection of the true cost of providing the service and from the point of view of the allocation of resources it is better to have more accurate figures which reflect better what the real cost is. One could argue quite legitimately, never mind about Hawker Siddeley, one could argue quite legitimately by extension that if you simply pay the wages of the generating station to the workers in the generating station net, then the cost of electricity comes down. Whether the man that is operating is employed by Hawker Siddeley or employed by the Government of Gibraltar the reality is that if you are earning £4m and deducting £150,000 in income tax, one can show the cost to be less by paying £315,000 net and saying that the people who are in the generating station do not pay tax. But, of course, that has got two things against it. One is that it distorts comparability in terms of the real cost of providing the service as compared to using those resources for something else and, secondly, that it would create a great deal of resentment from tax payers in other areas who would say, "Well, if they can get their money free of tax, why can't I?" Therefore, exempting emoluments of this nature in this way seems to me that we are putting on the statute book something

that gives the impression that we are giving a privileged status to a select group. If the emoluments are paid in UK to an individual recruited from outside Gibraltar, well then that in theory means that he doesn't have to be recruited in UK, he can be recruited anywhere and he can arrange for the salary to be paid in UK rather than here. He can be recruited five hundred yards down the road and that makes him recruited outside Gibraltar, there is nothing here about him having to be recruited in UK as the Government has brought the legislation. I cannot see that the existing legislation doesn't already provide for what has always been done to continue to be done because we have never taxed these people before and it seems to me that we may be creating a greater anomaly than we are resolving because, in practice, we are being told that it isn't that anybody has actually been taxed and complained, it is just that until now, because of the infrequency of their consultancies, it was simply taken for granted that if a consultant was engaged in UK he was paid in UK, he came out here to do a job and he went back then, clearly, that person is carrying out his economic activity in UK, not in Gibraltar, that is obvious and I don't think there has ever been any quarrel.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. It is simply on a point of fact, Mr Speaker. No, the Commissioner has raised assessments, because of the existing law as he interprets it, against the classes of individuals included in (r) that is to say, he has raised assessments and the matter is still pending so there is a need, in his opinion, for this because he feels that to comply with the law as it stands he must raise an assessment and this matter has obviously been taken up at a sort of government level and representations have been made by the ODA on the matter.

HON. J. BOSSANO:

But he hasn't presumably raised assessments prior to July, 1983, because those will still have to be met then?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I think the answer is, if the Hon Member will recall my earlier comment, the answer to that is probably, no.

HON. J. BOSSANO:

Mr Speaker, I think we have exhausted the argument on this issue.

HON CHIEF MINISTER:

As I said at the beginning I am grateful to the Hon Member for drawing the attention and it is true that perhaps everything should be thoroughly investigated before it comes here but I don't think that is true of any Legislature otherwise there would be no reason for an Opposition to be on the lookout for weaknesses and therefore I am grateful for that. I don't think that it is wrong but when it is pointed out if it is corrected, really, that is the process. I think that the parliamentary process and the democratic process really starts when what is being done is being questioned.

MR SPEAKER:

I understand that there is an amendment to Clause 1, sub-clause (2), is that right? Perhaps I am sticking my neck out, perhaps it might be easier if Clause 2 is amended to read as follows: "The emoluments paid subsequent to the 30th June, 1983, in the United Kingdom", and then in (s) "any inducement, allowance or gratuity paid subsequent to the 28th February, 1984". That might meet the point.

HON ATTORNEY-GENERAL:

Mr Chairman, I would suggest this - Clause 2 should read: "Section 7(1) of the Income Tax Ordinance is amended by inserting after paragraph (q) the following: (1) (r)" as set out; "(2) - (s)" as set out; and then amend Section 2(1)

MR SPEAKER:

With respect, I will have to have it in writing if that is the case. Could you also give consideration to doing it in this particular way which perhaps might be simpler - subclause (2) would read: "This Ordinance shall be deemed to come into operation on a date to be appointed by the Governor" - it is as simple as that - and then subclause 2(r) would read: "the emoluments subsequent to the 30th June, 1983" and then as it stands, and "(s) any inducement, allowance or gratuity paid subsequent to the 28th February, 1984". In any event it is up to you. We could most certainly defer further consideration of the Committee Stage of this Bill until a subsequent time.

HON CHIEF MINISTER:

We might get on with the other Bills.

HON J BOSSANO:

May I perhaps ask before we move away from this and defer it, I have not had any success in tracking down Section 23(3). Can the Hon Member give me some indication of what it is because there are so many bits of paper stuck on top of the thing that I really cannot make head or tails of it. I would like to know because we are saying that this does not apply to people to whom Section 23(3) does.

HON ATTORNEY-GENERAL:

Section 23, subsection (3) reads: "Rules made under Section 74 may prescribe that a non-resident individual (whether or not he is an individual referred to in subsection (1) of this Section), on such conditions as may be specified in the Rules, shall be a person to whom the proviso to section 25 applies and shall be entitled to the deductions, allowances and reliefs....." This was put in by Ordinance 10 of 1980.

MR SPEAKER:

If the Hon the Attorney-General is working under pressure we could do the other Bills and come back to this one.

It was agreed to defer consideration of this Bill to a later stage in the meeting.

THE SUPPLEMENTARY APPROPRIATION (1980/81) BILL, 1985

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

The Schedule

MR SPEAKER:

May I ask the Leader of the Opposition whether he is interested in going through the Schedule item by item?

HON J BOSSANO:

Not yet, Mr Speaker, because we made the point that we are abstaining on all of them and on the 1982/83 Bill where because of the Hawker Siddeley element since what we are doing is really establishing our position on it, that is all, it doesn't really alter anything, we don't want to waste the time of the House.

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.

THE SUPPLEMENTARY APPROPRIATION 1981/82 BILL, 1985

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.

THE SUPPLEMENTARY APPROPRIATION (1982/83) BILL, 1985

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

The Schedule was agreed to and stood part of the Bill.

Clauses 2, 3 and 4 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, 1985

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

The Schedule

Supplementary Estimates Consolidated Fund No. 3 of 1984/85

Head 2 - Customs was agreed to.

Head 4 - Electricity Undertaking was agreed to.

Head 5 - Fire Service was agreed to.

Head 6 - Governor's Office was agreed to.

Head 8 - Housing was agreed to.

Head 10 - Judicial, Supreme Court was agreed to.

Head 11 - Labour and Social Security was agreed to.

Head 12 - Crown Lands

HON J BOSSANO:

Mr Speaker, on Crown Lands because I wanted to make the point a little bit earlier but it is the same thing. On the question of the increase in rates as a result of increases in the net annual value of Government buildings, I am rather surprised at that because my understanding was that, in fact, the only part of the Valuation List that has been re-valued was the one dealing with dwellings. I think the Minister for Economic Development mentioned in the budget last year that the commercial premises had been deferred for a number of years and that they were due for next year.

HON CHIEF MINISTER:

This is an annual valuation.

HON J BOSSANO:

It says here 'increases in rates resulting from increases in the net annual value of Government buildings'.

HON CHIEF MINISTER:

It is done every year and it is more so in respect of business premises because in the others except in the Government-owned sector which is the one we were trying to help yesterday with the reduction of the rates, new tenancies or new leases are reported and the Valuation List every year reviews the rents of business premises. What it does every five or every seven years, according to what is convenient, is a re-valuation as a whole and then bring in more, the result of one or the result on others where there has been no movement, but in respect of all the new leases that are being continuously made despite the moratorium, they have to make a report, the documents are filed in any case and the landlord and the Valuation Officer when he knows that there is either a new tenancy or a new lease sends the report and then if the rent has gone up and it is sent back to the Valuation Department, in the Valuation List the net annual value of all these premises are increased and it is normally ten times the rent paid and therefore if anybody was paying £1,200 a year rent and is now paying £2,400, the rates go up from £1,000 to £2,000 as net annual value.

Head 12 - Crown Lands was agreed to.

Head 14 - Medical and Health Services was agreed to.

Head 18 - Prison was agreed to.

Head 20 - Public Works Annually Recurrent was agreed to.

Head 23 - Telephone Service was agreed to.

Head 24 - Tourist Office, (1) Main Office was agreed to.

Head 26 - Treasury was agreed to.

Head 28 - Contributions to Funded Services

HON J C PEREZ:

Mr Speaker, I gave notice yesterday that I would be asking for a breakdown. I think that the explanation given in the increase in cost of fuel largely offset through the fuel cost adjustment formula doesn't seem to me to be self-explanatory. I think it would be better if one got the breakdown first to be able to do some comparisons.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I accept the Hon Member's point, I think that perhaps the compression of the explanations has suffered from a little tacit and brevity which is to say that it is obscure. The increase in expenditure as a result of the cost of fuel has been voted by the House at a previous session. However, it is a fact that although the increase in the cost of fuel is recovered by increases in the fuel cost adjustment, through that formula, this does not always recover 100%, it tends to recover about 90% through the operation of this. What we are really saying is that about £55,000 represents the fuel cost not recoverable. We attribute £90,000 here to fall in demand, that is to say, lower demand for electricity, lower consumption of electricity, than budgetted. A further £220,000 is attributable to the third item, that is to say, the final payment to HSPE and, again, of course, the expenditure was voted by the House, the actual expenditure I am referring to now. And the write-off of bad debts amounts to £140,000, that is in the case of electricity. As regards potable water, subhead 2, the fall in consumption compared with estimates was much larger amounting to £335,000 and £75,000 - I am talking now in terms of this particular subhead - the write-off amounts to £75,000 and that gives a total of £411,000. That is offset by a decrease in expenditure mainly on the distillers, a decrease in expenditure on potable water, a saving I should say, a saving in expenditure.

HON J C PEREZ:

Mr Speaker, we will certainly be voting against this on the £220,000 final payment to Hawker Siddeley. That, perhaps, was predictable already for the Government but I am not satisfied that there has been an explanation - let me first ask for the explanation - the writing off of bad debts, Mr Speaker, what criteria has been used to decide what is a bad debt and why is it being done at this particular stage?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We had a lengthy discussion about this yesterday, Mr Speaker. The criteria for bad debts, I think, is essentially a matter of judgement but if I can recall what I said during the debate on the motion on the Principal Auditor's Report. I explained that there were a great many inactive accounts, I explained - I think that we were not talking about hundreds, we were talking about four figures here - I explained that many of these people had left Gibraltar, firms that had gone bankrupt, others had disappeared, people had died. There are many, many reasons why a bad debt becomes bad and irrecoverable. Obviously, there is a certain element of judgement, one can pursue an individual debt if one makes enquiries, one writes to the premises, one tries to find out where the person has gone, one can pursue it and one can spend more time and resources in trying to recover the debt than the debt is worth - that is putting it at one extreme - obviously, there must be a matter of judgement. I think the majority of these debts will be, indeed, I know that they are of relatively small amounts. We are not talking about large amounts because the large amounts tend to be: (a) you want to recover them, and (b) if they are in the name of a firm, if the firm has not gone bankrupt or ceased trading and cannot be pursued through the Courts, one may have to write it off but in many cases one can trace the ownership of the firm, one can trace the accounts if it has become inactive, one could follow it up but it is difficult to talk about criteria, there are many criteria, it is essentially a matter of judgement. One must, I think, rely on the experience of those concerned with the arrears section. We have a very experienced officer in charge, it is based on his recommendations, the judgement of the Accountant General and, indeed, my own judgement in the last resort as to what constitutes a bad debt.

HON J C PEREZ:

Mr Speaker, would it be possible for the Hon Member to give us a breakdown of the bad debts and how that has been arrived at?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not quite sure what he means by a breakdown, Mr Speaker. Domestic and business - even that might be difficult because we are talking about names, some people who would ostensibly be domestic consumers and may, in fact, be business consumers. It is very difficult to trace them if they are of four or five years duration. I am not quite sure what he means.

HON J C PEREZ:

Mr Speaker, if the reasons that the Hon Member has given for writing off these bad debts is accurate then if the people concerned are deceased it wouldn't matter. If the company concerned has gone bankrupt I am sure that it wouldn't matter that that information be made available and if the person with the debt, the debt hasn't been able to be recovered because it is over six years.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I think I understand the sense of the Hon Member's request and I think that because these are really commercial matters and we are talking about names, I think it would be both invidious and, indeed, a breach of the normal commercial confidences to reveal them.

HON J BOSSANO:

The Hon Member has got an extraordinary reticence about the sensitivity of people who owe him £140,000. Commercial-in-confidence and that people may feel embarrassed, I can tell the Hon Member if he wants to give me £140,000 he can put it on the front page of the Gibraltar Chronicle and I wouldn't be embarrassed because as far as I am concerned I know a lot of people who are persecuted, if not prosecuted, for being in arrears and those people will want to know why it is that they fall in arrears three or four months and they are hounded down and they may be unemployed and they have to make arrangements to pay a few quid a month as best they can on what they are getting on supplementary benefits and somebody else is getting off with not paying £140,000 of electricity bills. I think people are entitled to that and if people are embarrassed all they have got to do is cough up, they can pay and the embarrassment disappears and we certainly want to know how old his debt is because if this is a very old debt then we are talking about very, very substantial levels of consumption. I am not talking about today's electricity charges, we are talking about the electricity charges of four or five years ago. I think to slip this in which is, I think, a major policy decision, we have never written off this kind of amount

ever in all the time that I have been in this House we have never done it before. I can remember that when the amalgamation of the City Council with the Government took place and I think they wrote off £300,000 for the whole of Gibraltar and there was a hell of a fuss about it for years afterwards so I think since then I suppose it may be as a consequence of that nobody has ever dared write off anything else but the situation is that I think it is a major move which is necessary, as a matter of policy, if the thing is irrecoverable. I agree entirely and the Opposition agrees entirely with the analysis of the Auditor year after year that to have in your reserves unpaid bills which you are never going to collect is just deluding yourself because it is not really a reserve, it is not there, but I think the Government in moving into a direction which may be inevitable of having to accept that there are certain debts that are never going to be paid, has got to be seen to be acting fairly to the general body of consumers and I don't think that it can be done on the basis of saying: 'Here we are, a supplementary estimates, we are now increasing the contributions to the Electricity Undertaking by £0.5m and in that £0.5m is a writeoff of £140,000 of electricity bills'. This is a major policy decision and it requires explanations and it requires information as to how old the debt is, whether in fact it is just people who have disappeared or people who have died or people who have gone bankrupt or whether it is mainly commercial. I think more information is required.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I think we can certainly provide information by financial categories, how many of the accounts are of under £100 and possibly by duration as well, I don't think that would be any problem. What I do feel would be quite wrong would be to categorise them by means which would constitute a breach of confidence. That is my own view and I think this is one which would be sustained by most commercial operators.

HON J E PILCHER:

I think, Mr Speaker, we have to sort of balance what is more wrong, the commercial-in-confidence or the actual owing to the Government, what is more wrong. The Hon Member says we are talking about thousands, we are talking here about four figures, here we are talking about six figures in total in the arrears, £0.25m that we are writing off. I think from the Opposition's point of view apart from accepting that that is part of the breakdown that we want, we would want to know what major writeoff is made and what are the companies involved because they might have written off at one stage and then be

operating as another company now, this could be quite natural.

HON CHIEF MINISTER:

May I mention one matter which I can speak about with a little practical experience of writing off professional debts and that is that you do a percentage of them to some extent because you know you cannot count with the cash but there have been many cases where writing them off doesn't mean that when they come to pay you cannot collect them. We said yesterday you can collect twenty years so I think what Hon Members, whose concern I entirely appreciate, should be mainly concerned is to see whether the criteria for writing off is the right one or not because if it is not a right one then we are throwing good money away but if it is a right one it is money that is irrecoverable and that is what the Financial Secretary is asking the House to do because after efforts of all kinds, presumably, in some cases legal expenses and so on, the money hasn't come in and it is obvious, as the Leader of the Opposition was saying, that what the Auditor says is don't rely on something you are never going to get back.

HON J BOSSANO:

The logic of having to write off bad debts is inescapable because it applies whether you are in Government or in a business or wherever, if you cannot collect the money you cannot collect the money but what I cannot understand is the concern for the good name of the person who doesn't pay you, that is what I cannot understand, Mr Speaker, because surely if the Hon Member had to prosecute it wouldn't be commercial in confidence, surely if he prosecutes somebody who doesn't pay it becomes public knowledge. If he takes him to Court to get him to pay the debt there is no problem with everybody knowing about it and, in fact, the threat of being taken to Court produces results quite often and people pay before they go to Court. What is wrong with saying to the people who don't pay if they are still around, if they are not around it doesn't make any difference, but if they are still around what is wrong with saying to them: 'Maybe we cannot get the money out of you but everybody in Gibraltar will know that you haven't paid your electricity bills for the last five years'. What is wrong with that?

MR SPEAKER:

Anyway, I don't think we are going to get much further on this one and I think the views of Members have been expressed and we will take a vote on it.

Mr Speaker then put the question and on a vote being taken on Head 28 - Contributions to Funded Services, 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

Head 28 - Contributions to Funded Services was passed.

Supplementary Estimates Consolidated Fund No 3 of 1984/85 was agreed to.

Supplementary Estimates Improvement and Development Fund No 3 of 1984/85

Head 110 - Electricity Service was agreed to.

The Schedule was agreed to and stood part of the Bill.

Clauses 2, 3 and 4 were agreed to and stood part of the Bill.

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

MR SPEAKER:

We now have to come back to the Income Tax (Amendment) Bill, 1985.

THE INCOME TAX (AMENDMENT) BILL, 1985

Clause 1

MR SPEAKER:

We are now on Clause 1 so you will have to move any amendments you require to Clause 1 now.

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move that Clause 1 be amended by omitting subclause (2) and substituting the following: "(2) Section 2(1) of this Ordinance shall be deemed to have come into operation on the 1st day of July, 1983. (3) Section 2(2) of this Ordinance shall be deemed to have come into operation on the 1st day of March, 1984".

Mr Speaker proposed the question in the terms of the Hon the Attorney-General's amendments.

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 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 and Clause 1, as amended, stood part of the Bill.

Clause 2

HON ATTORNEY-GENERAL:

I beg to move that the present Clause 2 be omitted and the following new Clause 2 substituted therefor: 'Section 7(1) of the Income Tax Ordinance is amended:- (1) by inserting

after paragraph (q) the following new paragraph:", and here set out as paragraph (r); and "(2) by inserting after the new paragraph (r) the following paragraph: (s), as it stands in the Bill.

Mr Speaker proposed the question in the terms of the Hon the Attorney-General's amendments.

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 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 and Clause 2, as amended 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 Public Health (Amendment) Bill, 1985; the Control of Employment (Amendment) Bill, 1985; the Landlord and Tenant (Amendment) Bill, 1985, with amendments; the Imports and Exports (Amendment) Bill, 1985; the Income Tax (Amendment) Bill, 1985, with amendments, the Supplementary Appropriation (1980/81) Bill, 1985; the Supplementary Appropriation (1982/83) Bill, 1985, and the Supplementary Appropriation (1984/85) (No 2) Bill, 1985, have been considered in Committee and agreed to and I now move that

they be read a third time and passed.

MR SPEAKER:

I would like to find out from the Opposition whether they intend to vote against the Third Reading of any of the Bills so that we can take separate votes.

HON J E PILCHER:

We will abstain on the Landlord and Tenant (Amendment) Bill, 1985. We will not vote against because we have made an amendment to this Ordinance and therefore we cannot vote against our own amendment so we will abstain on the Bill as explained by the Hon Leader of the Opposition. We will vote against the Income Tax (Amendment) Bill, 1985, again as explained and if I can just go through the others. We are voting against the Supplementary Appropriation (1982/83) Bill, 1985, because of its inclusion of the Hawker Siddeley and again in the Supplementary Appropriation (1984/85) (No 2) Bill, 1985, and abstaining on the Supplementary Appropriation (1980/81) Bill, 1985, and on the Supplementary Appropriation (1981/82) Bill, 1985.

On a vote being taken on the Public Health (Amendment) Bill, 1985; the Control of Employment (Amendment) Bill, 1985, and the Imports and Exports (Amendment) Bill, 1985, the question was resolved in the affirmative.

On a vote being taken on the Landlord and Tenant (Amendment) Bill, 1985; the Supplementary Appropriation (1980/81) Bill, 1985, and the Supplementary Appropriation (1981/82) Bill, 1985, 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 R Mor
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

On a vote being taken on the Income Tax (Amendment) Bill, 1985; the Supplementary Appropriation (1982/83) Bill, 1985, and the Supplementary Appropriation (1984/85) (No 2) Bill, 1985, 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

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

MR SPEAKER:

May I ask, are you happy in moving it now and then continuing after lunch?

THE HON MISS M I MONTEGRIFFO:

I would be happy to move it now. Mr Speaker, I have the honour to move the motion standing in my name which reads as follows: "This House is seriously concerned at the critical state of the medical services and considers that urgent action is required to increase the resources available to enable the Department and its highly dedicated employees to cope with the demands for an adequate standard of patient care". Mr Speaker, for many months now the GSLP has been viewing with

great concern certain developments within our health services and we believe that we have reached the stage when this matter should be debated in the House of Assembly. As far as the Opposition is concerned, medicine and health care figure very prominently in our list of priorities and this Government is failing to provide an adequate service to its people. In fact, already in a number of previous House of Assembly meetings we have been questioning the Government as to the complement of doctors engaged under the GPMS. Even as far back as in last year's budget, we were determining the cause of cuts in essential services to be the way Government was distributing its overall expenditure. We also said then that unless we moved to more realistic accounting systems which allocate costs accurately, it would be difficult for us to determine whether the resources being devoted to medical and health services compared favourably with other areas in Government's yearly estimates of expenditure. More recently, in January of this year, when speaking on the Bill to make provision for the application of community rights in relation to the Kingdom of Spain, I reiterated once again referring to medical services that it was clear we were already under strain and that consequently the Government was totally unprepared for an open frontier situation. Regarding the Health Centre, it will be recalled that on the 10th October of last year after the local Branch of the BMA had made several unsuccessful representations to the Government, they took independent action and issued a press release calling upon the Government as a matter of urgency to make an appropriate increase in the number of doctors to meet the needs of the community. They advised their members that due to a critical shortage of doctors they should see a maximum of fifty patients per day. They stated that these measures were being introduced to ensure that standards of medical care did not fall to a level which endangered the health and safety of patients. They regretted that these limits would result in patients being asked to return for consultation at a later date, or else they should make alternative arrangements. Previous to their independent action, Mr Speaker, the doctors had been seeing an average of seventy to eighty patients per day which clearly indicated that an average of about thirty patients would not be seen in a day. The situation was still the same before the full border opening, the doctors had been saying for a long time that they were not able to afford adequate time to all their patients and it was either a question of rushing through all the numbers by simply issuing prescription upon prescription or seeing a reduced and definite number daily with proper care and examination. They decided, therefore, Mr Speaker, on the latter option because in their analysis there was a serious danger of patients receiving inadequate care. The Government's reaction to the doctor's press release in October, 1984, was quite in-

explicable, they seemed to be unperturbed even though they were dealing here with quite a serious situation, in fact, an official reply from them never materialised, we only read the comments by the Minister for Health made to a local daily newspaper that he thought the doctors had been correct in reducing the figures to be able to give patients more attention, that our health services were, in any case, being abused. He added that there were no plans to increase the number of doctors, that it would be necessary to cut our suit according to our cloth so apparently, the Minister seemed to be satisfied. The Director of Medical Services, however, also commenting to this newspaper, expressed support for the Health Centre doctors. He said the problems were exactly those which had been described by them publicly. The Director agreed that it was no longer possible to pretend to give a comprehensive service and he expressed particular concern that the doctors should only give a maximum number of treatment that could be done efficiently. He said he supported the idea of working towards an increase in the number of doctors. We, the GSLP, at the time said that we were very concerned for those patients who would be turned away and who would need to wait for days before they could see a doctor. Because of the sizeable daily reduction in appointments, it was to us very logical to expect that the numbers unattended would come to a considerable amount and amongst these numbers there were bound to be urgent cases that were going to suffer the consequences. Therefore we were convinced that the situation under the new arrangement and without an increase in the number of doctors would inevitably worsen simply because the demand would be so much greater than the resources being provided. We have been proved right, Mr Speaker, the situation has now worsened out of all proportion because of inadequate medical staffing. It is interesting to note, Mr Speaker, that the figures provided to us by the local BMA as to the average consultation in Gibraltar per doctor per annum is 3.95. The UK average per doctor per annum is 3. The figure in Gibraltar is higher, I admit, but I think that this is the key to why the Minister believes there is abuse locally and I think that he should be able to explain to the House why he thinks that people in Gibraltar go more frequently to the Health Centre in his contribution later on. Turning to a survey carried out by the doctors last year, Mr Speaker, the number that they quoted that is required to give an adequate service to the community is eleven. Today there are seven doctors to cope with a variety of other duties; sick and annual leave entitlement and other places they have to go to like the Prison, the Handicapped Centre and the doctors have based their comparability with the UK and European standards. If we accept their figures as accurate it means that in order to be able to bring the Health Centre to UK standards a 50% increase in staffing levels of doctors is required and

that shows, Mr Speaker, the degree to which we are understaffed in Gibraltar. The average number of yearly patients per doctor in Gibraltar is 3,780. In UK and other European countries the average is 2,300 and the doctors in UK are now, in fact, fighting for a yearly registered average of 1,700. There are also figures in this survey, Mr Speaker, which proves that there has been a constant increase in attendances at the Health Centre. Based on Government figures, attendances from 1974 to 1983 show an increase of approximately 32,000 in 1974 to 78,945. The increase in manpower during this period has gone from five to seven doctors. The doctors in the survey also give various reasons for the increase in attendances, things like implementation of compulsory registration in 1975, escalating prices of drugs and the improved continuity of care by the GPMS doctors. I think, Mr Speaker, that their claim is a logical one. Manning levels must be based on the number of patients eligible to treatment which in the survey totals 26,500. The Opposition, therefore, is quite satisfied with the doctors estimates that eleven are required to run the GPMS in terms of local demand. Incidentally, Mr Speaker, when the BMA issued their first press release in October, 1984, there were only six doctors running the Centre for quite a number of months. A doctor who had left the service the preceding June has still not been replaced by October. I asked the Government to explain the delay in the House of Assembly meeting of the 30th October. The Minister said that these things usually take time and the Government had to search round for someone who was suitable, details of contract had to be agreed and then the doctor is bound to give notice to his employer. But, Mr Speaker, according to our information the Government knew that this doctor was leaving in April, 1984. The BMA have told us that this doctor gave them notice three months prior to his departure in June and yet he was replaced soon after the BMA issued its press release and we questioned the Government in the House of Assembly meeting of October, 1984, seven months later. Also at the meeting of 30th October I asked the Minister for Health when he considered to be a sufficient number of doctors to run the GPMS efficiently on the bases of local demand and whether he agreed with the figure put out by the doctors that eleven were actually required. His answer then was non-committal, he replied that the negotiations with the doctors were in hand and he wouldn't like to say anything which might afterwards seem prejudiced to what they were discussing. He also said, and I will quote him: "We are discussing the situation with the doctors at the moment and when we come to what we consider to be a reasonable optimum number then I will make an announcement in the House" - this was in October of last year, Mr Speaker. In the meeting of the House on the 15th January this year, I again reminded the Minister of the serious situation still prevailing at the

Health Centre and whether he was now in a position to make an announcement as to what he considered to be the optimum number to run the GPMS. The Minister again said that the discussions were rather complicated, the doctors had one view which might be considered in some quarters to be exaggerated and the Government had another view and until the two were reconciled he couldn't say exactly when this would be but he was hoping it could be within the next six weeks. In view of so much delay, Mr Speaker, and in view of the number of patients who were contacting us complaining that they couldn't get to see a doctor for sometimes more than a week, the Opposition contacted the local BMA. They informed us that about two weeks ago their one and only official contact was with the Director of Medical and Health Services. The Minister himself met the doctors round about the 8th March, I believe, and his only commitment even then was to say that the matter was being referred to Council of Ministers. How long then, Mr Speaker, is it going to take the Minister to announce a reasonable number of doctors? Clearly, therefore, the Opposition, Mr Speaker, has only seen a couldn't care less attitude on the part of the Government towards the whole affair. They have absolutely no excuse for the delay and they alone are answerable for the decline that the medical services have been subjected to for a very long time. Mr Speaker, I would like to expand on the latest situation that has developed at the Health Centre. The local BMA came out again with another press release last Friday with the headline 'There are not enough doctors employed in the Health Centre'. They accuse the Government that despite repeated requests from them they have so far refused to increase medical staffing. Again they reiterate their claim that at least eleven doctors would be looking after a similar registered number of patients in the UK and they mention other duties which they are bound to cover and again they go into the fact that they have to make house visits, they have to go to the Prison, the Police Department, Mount Alvernia, attending ENT clinics, St Bernadette's vaccinations, and so on. They also coincide with our analysis, Mr Speaker, that more patients eligible under the EEC Rules may be expected to seek medical treatment as a result of an open frontier situation. They go on to say that after taking advise from the medical authorities in the UK - in their second press release they had chosen to take safety precautions to limit the number of consultations to fifty per day, a limit which they say is well in excess to the average number seen by the doctors in the UK. This allows them five minutes per patient, the absolute minimum time for patients, according to the doctors. They end their press release saying, Mr Speaker, and I quote: "Unless the Government employs more doctors there is no way in which the situation can improve. Therefore if you cannot see a doctor please don't take it out on the clerical, nursing or medical staff,

take your legitimate complaints to the Government. The Government have undertaken to provide a comprehensive Health Service but this will only be possible if more doctors are employed at the Health Centre". The latest development is due to the fact that some people have been denied medical attention for themselves or their children and being turned away are demanding to be seen showering threats at the nursing staff at the Health Centre. The Nursing Section Committee within ACTSS upon receiving complaints of incidents of threats and violence against their members, gave the Government one week's notice two Fridays ago that unless they provided protection for the nurses they would be walking out. The Director of Medical and Health Services then requested that the deadline be extended to Wednesday. However, yesterday a reply came from the Government that they had no proposals for dealing with the situation or any suggestions for providing protection requested by the nurses. It seems, Mr Speaker, that the Government feels that the Police were so fully occupied on duties of a higher priority that they could not even spare one policeman to be put on duty at the Health Centre so as to pre-empt any possible threats of violence. Mr Speaker, the nurses as from 2 o'clock this afternoon will be going to the Hospital and they won't be returning to the Health Centre until their claim is met. We cannot understand, Mr Speaker, how the Government have allowed the situation to get to this stage and we hope that a solution will soon be found. This motion, Mr Speaker, is about increasing the resources available to medical services as a whole so now I wish to talk about a few of the problems related to the Hospital services. In the last budget, for example, we asked the Government to inform us how much maintenance money was being devoted to the Hospital. The information we had was that insufficient manning levels were being provided to cope with the needs of a reasonable standard of maintenance. Since then we have also had reports coming back to us of specific shortages of medical supplies in different areas. Therefore, Mr Speaker, we have reason to believe that the Hospital Department is also stretched. Finally, Mr Speaker, the incidents that I have highlighted speaks of a very, very dangerous situation at the moment that exists in our medical services as a whole. What is actually occurring which is quite inadmissible to the Opposition is that those patients who can afford it and perhaps even those who cannot, are being forced to use their financial resources to turn to private practice. There are simply too many people who are having to wait for days and days before they can get to see a doctor, Mr Speaker, and they are going backwards and forwards from the Health Centre to St Bernard's Hospital seeking urgent medical attention. This Opposition strongly believes that it is the Government's ultimate responsibility to ensure proper standards of medical care. They must comply with their obligations to provide an

adequate medical service to the people who are in actual fact the contributors to our whole social health system. At the moment and for quite a number of months now they have been failing in this and what they are doing, in fact, is reversing the progress that has been made through the years within our medical services. More than that, they will end up completely destroying it if they persist with their present policy. We are dealing here, Mr Speaker, with a situation that is leading to the detriment to the health of the individual. The only solution lies with the Government whose responsibility it is to provide sufficient medical resources as to be able to reverse today's situation. What they are doing at the moment, Mr Speaker, is, I believe, stalling for time and trying to fruitlessly convince everyone that people abuse, patients are fussy or that the doctors exaggerate. I don't think that they can keep on defending this attitude for a very long time. They need to realistically increase the resources available and take immediate action now if they are in a position to provide an adequate service to the community. I commend the motion to the House.

Mr Speaker proposed the question in the terms of the Hon Miss M I Montegriffo's motion.

The House recessed at 1.00 pm.

The House resumed at 3.35 pm.

HON M K FEATHERSTONE:

Mr Speaker, I am not quite sure how this motion is worded because it says 'is seriously concerned at the critical state of the medical services'. I cannot see that the Hon Mover has made any considerable reference to the state of the medical services at all. I think she has concentrated mainly on the Health Centre so if the motion had been worded to say 'the critical state of the medical services at the Health Centre', perhaps it might have had a little bit more accuracy rather than to say 'the medical services' because as far as I can see the medical services are in a very good state, generally, and are giving a very good service to Gibraltar. Let us take the Hospital, for example, which is the mainstay of the medical services. The Hospital is working on a daily basis very well indeed and a few statistics over the year I think will go to show how well the Hospital is actually giving a good service to Gibraltar. In 1983 we had 1,966 operations. For a population of some 28,000, I think that is pretty good, that is almost one for every fifteen persons in Gibraltar. In 1984 the figure was almost the same at 1,940 and the situation is that for most operations the waiting time is not more than one month whereas

in Great Britain the waiting time for most operations is anything from six months upwards. Of course, if the operation is an emergency, the person is dealt with almost within hours, at least within days, and I think this is a service which is second to none anywhere in the world. The consultancy clinics are running at a very good figure. In 1984, 29,000 patients were seen in the consultancy clinics. Some consultancy clinics, I agree, are more overloaded than others and there is a considerable waiting time especially in the orthopaedic clinic but again if it is an emergency the patient is seen within hours and definitely within a day. The Casualty Department dealt with 11,000 casualties last year so I do not think that there is anything to say against the medical services as far as the Hospital is concerned. As far as the Health Centre is concerned, one thing that we have to consider very carefully with regard to the Health Centre is the cost, and the cost of the Health Centre is running at almost £1m a year. I agree we get a certain amount of revenue from the contributions but the revenue only runs at about half that figure so the Health Centre is subsidised from the general exchequer to a tune of about £500,000 a year and I would comment that every doctor is costing us somewhere round the figure of £30,000 to £35,000 when you take their emoluments, their allowance for a house, their gratuity and their allowance so it is not so easy just to say like that 'let us have another doctor or another two doctors' or as the doctors would wish another 4.4 doctors. How you can have 0.4 of a doctor I am not quite sure so they would obviously say it should be five doctors. The Health Centre started some years ago with only three doctors and after a period of time this was increased to four and to five and eventually got up to seven but I think, if my information is correct, there was a time when there was a discussion between the then Health Minister and the doctors and they made the suggestion: "We will deal with the number of patients but you give us an increase in salary to compensate for it", and this I think was done. Since then, of course, some of those doctors may have gone away and the other doctors have come in gaining the benefit of the higher salary but now not wishing to stick to the commitment that they would deal with the number of patients although it is interesting to note that last year, from April to April, some 86,710 patients were seen and this split amongst seven doctors is 12,300 per doctor and that works out, assuming that they work only on 250 days a year and that is leaving out the Saturday clinic, to just about 50 patients a day. So it seems that they have not been doing so much as perhaps they are claiming that they are forced to do at the moment. One wonders why there is all the hassle, it may be that they want to flex their medical muscles a little bit and put pressure on Government to get to the number of twelve doctors that they would like to see. I have told the doctors in a meeting less than a fortnight ago that

I was preparing a paper for Council of Ministers under which I would recommend that there should be one extra doctor and I was willing to look at a five to ten-year plan under which the number of doctors might be increased to a higher figure but they seem to be very impatient, they don't seem to understand that a paper for Council of Ministers takes a little time to go through the various Departments and they have come out with a statement which they produced the other day saying that despite repeated requests nothing is being done. That is a blatant lie and they know it. The situation at the moment, of course, is that we are threatened with a walkout by the nurses.....

HON J B PEREZ:

Not threatened, they have.

HON M K FEATHERSTONE:

Well, I didn't know whether it had taken place or not.

HON A J CANEPA:

At one o'clock.

HON M K FEATHERSTONE:

At one o'clock.

HON A J CANEPA:

They are available for work at St Bernard's Hospital.

HON M K FEATHERSTONE:

Well, I must say that this is a brilliant piece of orchestration, I think it is worthy of a Beethoven or a Brahms rather than of a Bossano, but we have had this little piece of orchestrated effort to try and put pressure perhaps just at the time this motion was before the House. I do not see, really, what the nurses are complaining about, there are one and a half porters at the Health Centre, they could be called upon if any member of the public, and the public I accept can be demanding in Gibraltar, if any member of the public gets specifically obstreperous. Of course, it might be up to the doctor himself to turn round to the public and say: "I am going to do so many patients and that is all so don't take it out on the nurses", but the doctors seem to be willing to hide behind the nurses and ask the nurses to take over the rather unpleasant task of telling the patients that they

cannot be seen by a doctor on that day. We did hear some little time ago when the border was due to open, that we were going to get a tremendous influx of patients from Spain. Well, this has not materialised in spite of the fears of the doctors and in spite of their stirring up as far as they could the situation in support of their own claims that there should be more doctors. So far the number of patients that we have had from Spain has been completely negligible. The doctors say that in the United Kingdom a panel for a doctor is around 1,750. This is the optimum panel but there are many doctors who are doing a panel of 2,500 and even doctors dealing with 3,000 or 3,500 so that the strike rate in England of three compared to the strike rate here of 3.95 doesn't mean that doctors in England are doing so much less work than the doctors here in the Health Centre. As I have said, Council is going to be asked shortly to look into the situation of approving an extra doctor. It is a pity that the paper had not got through the Establishment quicker but the Establishment is looking into the actual pay scales of the doctors and it may be that the doctors at the moment on the strike rate of 50 patients are being overpaid. This is something that they will have to look into when the time comes, this is a fact of life.

HON J BOSSANO:

Mr Speaker, will the Hon Member give way? Didn't the Hon Member welcome this? Is the report in the press in October quoting the Hon Member incorrect where he welcomed the fact that they were limiting themselves to fifty patients and he is now criticising it?

HON M K FEATHERSTONE:

I don't know what the report said in October, I did not welcome that they should be fifty, I said that I agreed that at times in Gibraltar people were rather demanding and they rushed to see a doctor rather than, perhaps, take an aspirin. If you wake up with a headache it is often just as simple to take an aspirin and go to bed for half a day and find that by the time midday comes up you have woken up again without the headache rather than to get yourself up, go down to see a doctor and be told by the doctor: "There is nothing wrong with you, take an aspirin, go home and sleep it off". One of the things that has been put to me about the demands of the public is that when they go to see a private doctor they are much more willing to wait than they are when they go to see somebody in the Health Centre. They feel that in the Health Centre because they are paying 85p a week they must be dealt with immediately and as a matter of urgency and that is, perhaps, understandable but I would put it to the general

public that they should have a modicum of responsibility and understand that in the Health Centre they have to be reasonably patient and reasonably tolerant of the situation as they find it. As I was saying, the position in the Health Centre is perhaps not as bad as some people might like to think. The doctors start work at 9 o'clock and pack up at 11 o'clock, well, that is a two-hour stint. I understand that most people do a morning stint of four hours. Then, of course, the doctors go out on house calls and they do perhaps two house calls in the morning. Two house calls in the morning will take them perhaps, forty, fifty, maybe sixty minutes. Even so, they are still only putting in a three-hour stint. In the afternoon they go at 2.30 and they finish at 4.30. I don't think that there is such a severe tax upon them that to see, perhaps, three or four extra patients which might take them from 11 o'clock to 11.20 or from 4.30 pm to 4.50 is going to put them under such a severe strain. The Health Centre, as I have said, has increased from three doctors now to seven and there is a possibility if I can get my paper through Council of Ministers, that there will be eight. This is a good expansion over the period that the Health Centre has been in operation. You cannot have everything that you want and at this present juncture in the finances of Gibraltar it is not fully possible to have everything in the medical services that the doctors and the patients would feel would be the optimum. We have to, as I have said before and as has been quoted at me, cut our suit according to our cloth. If you wish to have a comprehensive Health Service, if you wish to have a Health Service with a strike rate of almost four, then you should be, perhaps, willing to pay four times the cost of a visit to a private doctor as the annual contributions plus the share of the medicines on top and I think that the contributions actually paid come to a considerably lower figure than that when you consider that the medicines prescribed come to £630,000 per year. I know you have to pay £1 towards the cost of medicines but if you take the total cost of medicines against the total number of patients they are still being subsidised to a fairly good amount. As I have said, Mr Speaker, I cannot agree that the medical services in Gibraltar are in a critical state, the medical services in Gibraltar are in a healthy state. The situation in the Health Centre itself may not be as happy as we would like to see it but part of this is brought about by what one might call the intransigence of the doctors in not being willing to give a little more sense of vocation and a little less sense of pecuniary benefit. The Hospital itself, as I have said, and I haven't mentioned the KGV Hospital which is also doing excellent work, is in very fine fettle and I cannot agree under any circumstances that the medical services are in a critical state and I cannot support the motion, Sir.

HON J E PILCHER:

Mr Speaker, I have sat here patiently hearing the speech by the Hon Member opposite waiting to see when he was going to mention the appalling state that the patients who visit the Health Centre have to go through in order to get seen by a doctor. If I may take the Hospital to start off with before I go into the Health Centre as such, the Hon Member said that as far as the Hospital is concerned everything seems to be working well because we are doing 1,966 operations. We are not criticising that areas of the Hospital do work, what we are criticising is that there are areas where it is critically necessary to employ people to care in areas where there is certainly more than can be done. He spoke of the number of casualties that the Hospital receives, well our information is that, in fact, the Hospital is under-manned by one Casualty Officer, that at times.....

HON M K FEATHERSTONE:

If the Hon Member will give way. Council of Ministers agreed three weeks ago that a Casualty Officer should be employed.

HON J E PILCHER:

I don't doubt it, what I am saying is that there is not a Casualty Officer there at the moment and this is creating an impression to people who go there on casualty. You cannot say to a person who comes in ill: "We have already agreed to employ a Casualty Officer", because the person is ill at the moment and he has suffered an accident at the moment. There is also a need for an extension of geriatric care in the Hospital which in some instances is sadly lacking. As regards operations, I take it that emergency operations are done immediately but there are cases where other operations have to wait months and months, for example, operations on sinus patients where you could virtually wait a year or a year and a half for an operation whilst if you did it privately you could get it done within a couple of days. That is the kind of criticism that is levelled at Government. If I can come back now to the Health Centre. Perhaps it might be a good idea for the Hon Member to actually visit the Health Centre as a patient which is something that I do quite regularly. Irrespective of whether the onus lies on the fact that the doctors are taking an intransigent position or whether they are seeing too many patients, whether they go home at 11 o'clock or whether they start at 2.30 pm, the problem is that this is a Government problem. You cannot tell the patient that is going to the Health Centre that the problem lies in that the doctor is not doing enough work. He will say: "Well, I

contribute to the Health Service and it is up to Government to make sure that the service provided is one that tackles all the patients". I think the Hon Member opposite misses the point completely. It is not a question that people don't have the patience to wait to be seen by the doctor, it is a case that people going to the Health Centre today are having to wait five or six days to be given an appointment, that is the problem, and I have got personal experience of that because I went to make an appointment for my mother on a Thursday and the appointment was given to me for the following Wednesday so it is not something that I am talking about now or something that is rumoured, this has happened to me personally. If you say to my mother: "You must be patient and wait six days for the doctor to see you", then I will turn round to you and say that is not a logical position to be adopted by the Government and if you say to my mother: "You have to cut your suit according to your cloth", that again is not a logical or a fair assumption on the part of the Government. The fact that the Health Centre is abused might be true but the fact is that not all the patients who are staying without seeing a doctor are those who are abusing the system. The fact that a parent goes there with a child two or three years old who may be screaming, because we all know that a child might have nothing but an ear ache but a child with an ear ache might be a problem because the parent is not a doctor and all he sees is his child has got 103° or 104° temperature and he is screaming his head off. That parent goes to the Health Centre and is told at the office: "I am sorry there are no appointments, you go downstairs and you make an appointment for your child whenever the doctor can see you". Of late even the emergency doctor has been fully booked because the emergency doctor he is also now only seeing fifty patients and part of his house calls takes up that allotment of fifty. Irrespective of what the problem is, irrespective of whether it is intransigence on the part of doctors - medical muscle was mentioned by the Minister - irrespective of what it is, the state of affairs in the Health Centre can only be termed one of utter chaos for the patients. These people are paying a contribution, alright, it might only be 85p but on top of that contribution they are having to go to a private clinic to get their children seen to by a private doctor. A follow-up to what the Minister was saying is perhaps that they should pay four times the amount, perhaps it should be the other way round, perhaps they should not pay any amount at all and make the contribution not compulsory but on a voluntary basis. If there is no option for the person to see the doctor at least he cannot say: "I am paying for that service". We don't agree with that but it is a natural follow-up to what the Minister was saying. We think that to give people, anyone in the world, a good health service is a basic social system and if it costs the Gibraltar Government £2m then I am convinced that we have

to find the finances needed to be able to create a good system. I would not want at this stage to delve into whether it should be fifty patients or forty patients or forty-five patients. The Government is the one that employs the doctors and it is the Government's responsibility to make sure that one way or another the thing is solved. What we are saying from this side of the House is that the people suffering today are the people of Gibraltar, the patients, those who go to the Health Centre and I don't agree with the Minister that they all abuse the service, and if we have a ratio of two to one of the population that are ill during the day, well I don't think people go down to the Health Centre because they feel like going to the Health Centre. I don't think that it is right to say that because when the Hon Member gets up in the morning and he has a headache, he takes an aspro and then goes to bed and he is fine by 12 o'clock that might apply to everybody throughout Gibraltar. We have seen people who have got up with a muscle that was hurting, have walked down to the Health Centre, were turned away because they said: 'That is just a muscle spasm, come this afternoon', and have dropped down dead in Line Wall Road. This is not a criticism of the service. A mere headache might not necessarily be just a headache. We cannot get into a situation where we are allowing patients to have to come back three or four or five days later to be seen. We have to supply a health service that can cater for the number of patients that we have in Gibraltar. I am not saying that you have to see them within half an hour but I don't think it is a logical thing to make an assumption that because there is only £1m that people have to wait five or six days to be seen by a doctor. That state of affairs has to be remedied by Government one way or the other. I am not suggesting which way it should be, I am just saying that the problem lies with the Government. They run the Health Centre, they run the Government, they employ the doctors and whether he feels that during the past they gave the doctors more money to do this and now the doctors have made other arrangements, this is a purely administrative problem of the Gibraltar Government who are the employers of the doctors and the people who run the Health Service and it is no consequence at all for the patient that there is no money. The only thing uppermost in the person's mind is that he is feeling sick and I think the problems arise not when it is a person who goes to the Health Centre for his own account, I think the problems arise when it is children, when the parents take children to the Health Centre and they are turned away. There is no doubt about that because I can vouch personally for that. If there are no appointments the clerk or the person working at the offices has no option but to turn you away. The problem then is the fact that the person concerned will then try to barge into the doctor's office and this is when the next problem occurs which is the problem that has been highlighted today. I won't tackle that because I know

that the Leader of the Opposition wants to tackle that personally because of the unwarranted attack by the Member opposite on the action that has been taken. I don't think that we can sit here and discuss the rights and wrongs and the merits and demerits of the doctors' claims without realising that the claim whether merited or otherwise is causing hardship to the people, that is the thing that we should be getting to grips with. I have heard the Minister and I am appalled to say that all that he has said is that people should be patient and that the general public must understand that it is not a question of going down to the Health Centre and being seen. At no stage has he admitted that there is a problem at the Centre rather than to say that the problem is one of people not wanting to wait there and they are accustomed to wait at the private clinics. That, surely, is not what should come out of a Minister for Health, he should be worried about the patients, let alone the administration. There is also another area which I am sure the Minister has not thought of and that is how the situation now at the Centre is affecting work in Gibraltar. We have a system in Gibraltar unlike the system in UK where you get self-certification, where if you fall ill on a Thursday and you have a simple flu, you need Thursday and Friday off. You need to be able to get a certificate early on the Thursday, or, at the latest, Friday morning to be able to hand in this at work. If you go to the Health Centre on the Thursday morning and they give you an appointment for the following Wednesday by the time you see the doctor you will probably be fit, the doctor could turn round to you and say: "I am sorry, I cannot give you a certificate for last week". And, anyhow, you would probably have to ask for time off from work to go to the doctor because the following Wednesday you will no longer be ill. How do you cope with a situation like that? These are situations that are occurring every day and the Government seem to sit back and just say: 'If this is going to blow up let it blow up'. We are not talking of power cuts, if we have power cuts people will always find a way round it but if you are ill the only way you can go round it is to go to a private doctor. If that Health Centre is closed today I am sure the private doctors won't be able to cope with the situation. I think this is the kind of situation that the Government should be facing now. What is wrong? Why is it wrong? Are the doctors right or are the doctors wrong? But whatever it is it is not medical muscle it should be Government muscle, let Government decide what is right and what is wrong and let them implement it because what we cannot have is a situation where it is the patients, the people who are really ill who are suffering. And then you say to us ACTSS are being intransigent because they have walked out? The situation at the Health Centre is chaotic, I went there myself last week to take my child and there were queues

there of sixty or seventy people who didn't have an appointment and were all shouting at the clerks at the window that they wanted to see the doctor. Forty of those people might have just been there for the fun of it because they didn't have anything else to do and they just walked down Main Street and got into the Health Centre.

HON A J CANEPA:

But why does that happen? I have also taken my children there and we haven't had this problem over the years, why is it happening now? Let the Hon Member analyse that.

HON J E PILCHER:

First of all, I haven't given way, Mr Speaker, but I am quite prepared to give way to the Hon Member if he wishes me to.

HON A J CANEPA:

Could he please explain why, in his view, it is happening? Why is there a situation in which sixty or seventy patients want to see the doctor and they cannot get a doctor because I have got three children and I have never had a problem in all the years. Why, what is the difference.

HON J E PILCHER:

The explanation was given by the Hon Member.....

HON A J CANEPA:

Yes, the doctors only want to see fifty patients. Does he agree that that is right? Does the Hon Member agree that that is right?

MR SPEAKER:

Order, will you give way?

HON J E PILCHER:

I have already given way but then I sat down and I stood up again to speak.

MR SPEAKER:

You have got the floor.

HON J E PILCHER:

I don't have information up my sleeve to say whether that is right or wrong but it should be the Minister who should be able to monitor the situation at his own Health Centre. If the Hon Member who surely does not agree because taking into account his outburst, then his outburst should not be directed to the Opposition who are pointing out the faults of the system, it should be directed to the people who are running the system. This is what I am saying.

HON A J CANEPA:

Or the people who are creating the problem.

HON J E PILCHER:

Or the people who are creating the problem. I am not going to tell you how to govern, what I am telling you is that it is your responsibility in Government. Whether you accept that that is true or not, it is nevertheless a fact. You run the health service, you are the employing department and therefore the problem is yours and the patient expects the Government of Gibraltar to cater for a situation where they can see a doctor when they so require, not at five minutes notice but at least at 24 hours notice, not at five or six days, and I would ask the Hon Member to check with me because I am right. Appointments have been given five and six days later and that I can vouch for and he can get to his department and ask and I think this is not a situation that can be tolerated by a population which is paying for the health service and which expects to get some kind of return for their money. I realise that that only covers half and we agree and we would be quite prepared to vote more money to create a good health service. I am not saying that you should employ four or five doctors, it is up to you to be able to administer the health service properly so that the patient when he goes to see a doctor will have a reasonable period of time to wait for that doctor to see him and the situation as it is at the moment is one where this is not happening and the situation is chaotic to the point that I think not only are the ACTSS members walking out because it is getting to be a chaotic situation where people are hurling insults at one another near to the point of assault because this is a very touchy subject. This is what we are saying from the Opposition side, it is a Government problem and it is not a question of sitting back and relaxing and saying: 'Well, the thing will blow up'.....

HON CHIEF MINISTER:

If the Hon Member will give way. I don't think it is fair to say that that is all that the Minister has said. I came a little late but I heard him say that he had already made enquiries, that he was seeking early approval for an additional doctor and maybe that will not satisfy, they may need twenty doctors, if the doctors say they will only see 25 people you will need double the doctors. The criteria must be stopped somewhere, there is an element of responsibility, too, under the terms of the contracts of the people who are employed there in the medical profession.

HON J E PILCHER:

I accept that the Hon Minister for Health did say that, he did say that he is looking into the situation but the overall reaction to the motion is one of: "This is what we have, the doctors are seeing so many patients, patients seeing the doctors cannot do so as a matter of urgency, the general public will have to learn to be patient".

HON CHIEF MINISTER:

They are patient.

HON J E PILCHER:

They are patient, yes, it is a 'punny' word. What I am saying is that the patients can no longer be patient and it is about time that the Government did something about a situation which is not controlled. I think it was a good idea the idea that the Hon Member mentioned the fact that you could probably put a policeman there that would at least minimise the fact that the nurses would feel protected and come back to work. Even if that were to happen the basic problem is still one that there are not enough doctors in the Health Centre to cater for the patients or that the doctors are not seeing enough patients in the Centre. But I am not saying which it is, what I am saying is that the person who certainly is not the culprit is the patient and he is the one suffering. This is what I am saying and it is a Government problem and one that the Government have to face up to. If the Council of Ministers approve another doctor this is again going to take a certain amount of time. I suppose the job has to go out and it will take a certain amount of time for interviews. We have to be able to form some kind of system by which we have cover from one side to the other so that this thing does not happen again, cover perhaps from RNH lending us doctors when one goes away to cover until we employ another doctor. Certainly, it seems to take a long time to employ a doctor from one

situation to another. Anyhow, that is all that I intend to say at this stage, thank you.

HON J B PEREZ:

Mr Speaker, there is one fundamental point which has been made, I think, by all speakers on that side of the House which I cannot but agree with them 100% and that is, quite clearly, yes, that it is Government's responsibility to sort out any problems that there may be at the Health Centre, there is no doubt about that, that I agree with them entirely, it is not for the Opposition it is for the Government. But I think the Opposition must also understand that Government has also a responsibility, a strong responsibility as an employer because there can be no doubt in anybody's mind that the whole problem which has recently - and I highlight the word 'recently', I emphasise that, - that the problems that are occurring at the Health Centre arise from the action and I would say a ploy of the BMA in which they want the Government to employ more doctors. I think quite clearly that the BMA has come forward and said: 'We think seven doctors are insufficient, we require' - at the beginning I think it was five, I heard that they were after three and I have been Minister for Health for a number of years prior to my Hon Colleague and I faced that similar situation on one occasion in which the BMA were saying: 'We need more doctors'. What we mustn't lose sight of is really that this is a ploy by the BMA as a union, as I am sure the Hon Leader of the Opposition would understand as a trade unionist, if you are putting in a claim and the way to try and get the claim through is to bring pressure to bear, this is exactly what the BMA are doing and they are doing it in two ways. One is misusing the appointments system which I introduced for the benefit of the patients, primarily, and for the benefit also of the doctors at the Health Centre and also by canvassing support from members of the public and support from the Hon Miss Montegriffo because I could see quite clearly from her contribution in moving the motion that she has got all her information from the BMA, quite clearly, that is where her information comes from. So here you have a clearcut case of the BMA.....

HON MISS M I MONTEGRIFFO:

Will the Hon Member give way? From the BMA the figures that have been provided for me they have actually got from Government figures so, really, the figures that we are getting are produced by Government.

HON J B PEREZ:

I am not quibbling that, the point I am trying to make is that you have the BMA - this is when the problem started - the BMA presenting a claim to Government for an increase in the number of doctors, that is one thing. The next plan of action is in order to get sympathetic support from the Government in employing more doctors and we are talking about, I think my Hon Colleague mentioned the figure of £33,000 per annum, I think the salary of a doctor is around £23,000 per annum plus those who are not on a permanent basis, they get, I think, 75% gratuity tax free. We are talking about.....

HON J BOSSANO:

We were against, we voted against.

HON J B PEREZ:

What I am saying is that Government as an employer, we, accepting the responsibility as put forward by Members opposite which we accept, that is why we are here, to govern, we have the responsibility but we have the responsibility also as an employer. The BMA come along and put in a claim for more doctors. We are, I wouldn't say we are trying to resist the claim but one is looking at the claim, you just cannot get a union coming along and saying: 'We want an extra three doctors employed', and you say yes the next day, that cannot happen, you have to analyse the situation and see if any increase in staff is warranted or not. We have the responsibility because we hold the purse strings, it is taxpayers money. What the BMA are doing at the same time and this is what I find extremely regrettable and this is why I censure the BMA for their action, is that following their claim instead of waiting for the Government to consider the claim for employment of extra doctors, they go along and do two things; (1) they use the appointments system which I would reiterate was set up for the patients benefit and for their benefit because when we introduced the appointments system I am sure Members opposite will recall, we stopped the Saturday clinic and why did we stop that? Because the doctors said: "With seven doctors we have got plenty of time to care for the patients", because that is what we are all concerned with because my Hon Colleague said he has three children and I only have one but my wife goes quite often to the Health Centre with my daughter. I am involved with the Health Centre just as much as my Hon Colleague Mr Pilcher and I go there, I wouldn't say once a week but I go regularly so I know, to some extent, what I am talking about from the patient's point of view but they stopped the Saturday clinic and we said: "Okay, fair enough". They

said: "Yes, we are willing to look at all the patients", the Saturday clinic is only supposed to be for emergency cases. Perhaps, when the BMA come now and say: "We want extra doctors", perhaps the first thing they ought to do is to say: "We cannot cope, we have got the same wage packet on the basis of a Saturday clinic, let us have a Saturday clinic, we cannot cope with the number of patients". That is, Mr Speaker, what I would expect from a doctor because that was the agreement reached a number of years ago. That is what I would expect them to come back to Government and say initially.

HON J E PILCHER:

Why doesn't the Government say it then?

HON J B PEREZ:

What I am trying to explain to you is that this is a deliberate ploy by the BMA and you have all fallen into the trap. Mr Speaker, that is the reality of the situation. What does the Opposition expect the Government to do if the BMA comes along and says: "We want another five doctors" and we say the next day 'Yes', and we employ another five. Government cannot run like that, Government cannot work on that basis. The next thing that they are doing is the question of hiding behind the nurses and with the nurses I don't know if I may go against my Hon Colleague, Mr Featherstone. I agree that the nurses are going through a very bad time at the Health Centre and I would be in favour of employing a porter or some other person to look after the nurses, of course I would agree, but that is a matter which we must realise has arisen because of the action by the BMA. There is no question here of any Member of the Government being totally insensitive either to the patients or the nurses there at all. Mr Speaker, it is not insensitive to the doctors. The doctors who are professionals should act like professionals. They earn a very handsome salary because apart from the £22,000 or £23,000 they get paid per annum, don't forget they also collect their fees when they make house calls, 50p or £1. They are paid quite well. The Government therefore has to consider things carefully but, as I say, the BMA have, I wouldn't use the Spanish phrase 'comerle el coco' at the Opposition but I can see that the way the motion is phrased is totally in favour of the BMA and saying to Government: 'BMA are absolutely right and it is your problem, your responsibility so you now go and employ an extra three doctors'. Perhaps the Government is more concerned than the Opposition, than the doctors and anybody else about the patients because we are in Government, we get the complaints before they do.

HON J E PILCHER:

They haven't showed it for the past three months.

HON J B PEREZ:

We get the compliants from the doctors, we get the complaints from the nurses, we get the complaints from everybody so of course we know what is happening but what we cannot do, Mr Speaker, is if you have a claim being put forward we just cannot give in because of some pressure or a clever ploy put forward by professional people and, as I say, doctors who are wealthy. Why are the doctors putting their claim? I am in no position to say in connection with patient care whether a doctor should see thirty, forty, fifty or one hundred people, I don't know, but I am sure that with one particular patient you may need five minutes and with another one you may need ten, it is a question of ratio but I have been told that this has happened in the last few months and it happens regularly and I brought it to the attention of the Director of Medical Services. I know of cases in which people like the Hon Mr Pilcher said that he went with his son or his daughter, he asked for an appointment and he was told: "You have to come in three days time", and I know that when that person was there they called out a number of people for their appointments, the people were not there for whatever reason, but that person said: "You have five people who have cancelled their appointments, who haven't turned up, I want to see the doctor", and the answer from the doctor, Mr Speaker, and I would say that it is shameful, was: "I am very sorry, I will not see the patient".

HON A J CANEPA:

Though he has fewer than fifty.

HON J B PEREZ:

Even so but five people had just not turned up for their appointment. I am sorry but that is a reality of what is happening at the Health Centre and it is a ploy by the BMA in support of their claim for more doctors. That is a fact and I urge Members opposite to realise that because you cannot get away from that. What advantage have the doctors had in asking for more? Quite clearly, less work. If you compare a doctor who is working at the Health Centre and a doctor in the private sector, the private sector doctor the more patients he sees the more money he makes to cover his costs and for his own profit. The Health Centre doctor has his fixed wage at the end of the week so what does he care.

The more doctors that are employed the less patients he sees, the less problems for him and the sooner he gets off from work, that is human and it is a reality. That, Mr Speaker, is the position that we are facing and I would say very recently in the last few months. All this business about EEC and people coming in, I am sorry I would describe that as bunkum because it hasn't materialised, it hasn't. I would be the first one to say if I knew that there were people coming from Spain or people coming from the Costa and using our Health Centre, I would be the first one to tell my Hon Colleague - and I know because I have got members of my family who work at the Health Centre so I have inside information - I would be the first one to tell my Hon Colleague: "You had better start employing more doctors because we are having these additional people". We are not, that is a reality. The motion says: "This House is seriously concerned at the critical state of the medical services". I wouldn't accept, Mr Speaker, that you could say 'critical'. Like my Hon Colleague said the problem is in the Health Centre but it arises directly from actions of the BMA. They are refusing to see more people than a certain amount which they set themselves and perhaps I would like to inform the House of things that occurred eight or nine months ago. With the appointment system what was happening was that there were some doctors who were more popular than others, there were some doctors who are still today with us, who people just don't want to see, they have a bad reputation for whatever reason and what was happening was and probably is still happening today is that if I went to make an appointment I would say: "I want an appointment with Dr so and so", and then of course Dr so and so who was one of the most popular doctors there, his appointment list was full and I know as a fact that even within the doctors there were problems because those who are completely overbooked, perhaps overbooked is the wrong word, but some doctors who were seeing sixty or seventy patients a day, they were saying: "Here I am, seeing sixty or seventy patients a day, I am earning £23,000 at the end of the year and here is my colleague, Dr so and so, who is seeing fifteen because he is not so much in demand and he is earning the same". That is another reality of what is still going on today in the Health Centre. Perhaps in the last few months due to the BMA action in trying to press the Government to employ more, they are now trying to balance the cake of no more than fifty patients a day. I don't know, I am not a doctor but I would say for any professional to say: "I will not see more than fifty a day", that doesn't convince me, Mr Speaker. What I can see quite clearly and I say it is regrettable because my view of doctors has always been fairly good but for the BMA to try and pressure the Government into employing more people in trying to convince the Members opposite to bring a motion to the House - that is I think a fair comment from what I hear the

Hon Mover of the motion say - to try and bring pressure and even hide behind the nurses at the Health Centre because they know that we are all in favour of the work the nurses are doing and in order to do all that I think that I would describe, Mr Speaker, I am sorry to use the word, shameful. I am sorry to see that the Hon Miss Montegriffo has fallen into the trap. I am sorry to say that you have been manipulated by the BMA. That is my comment on the motion that has been put in this House. The contribution by the Minister for Health, I think it is quite good. He said to them: "We have received the claim, we are looking at the claim". He has even gone to the extent of saying that he hopes to get support for an extra doctor, he is really sticking his neck out because it may well be that we may not be prepared to do that, I don't know, but he said that and the doctors know that. The doctors know that Government is considering employing extra staff so why they should go ahead and try and carry on this plan of action to me, I think, is wrong. I think the doctors would be better off in accepting, and this has been done before, give the Government some time to consider the matter in detail. It may well be as my Hon Colleague said, they may have to take a cut in salary, perhaps they don't realise that, and the point I am making, which perhaps is a new one and I'll make sure they are reminded of it, we are going to have to have the Saturday clinic because they were employed for the Saturday morning clinic and if they now feel that they cannot cope with the work, well, let them work on a Saturday morning. This is what I am saying, that this is a matter that unfortunately you cannot solve within 24 hours but I am putting the BMA on notice that there are two factors that they will have to look at, the question of pay and the question of working the Saturday clinic. Before I end I will now give way to my Hon Colleague, he did ask me to give way before.

MR SPEAKER:

There is no need.

HON J E PILCHER:

I wanted him to give way, Mr Speaker, to make a relevant comment on something he had said at the time. If he is going to give way half an hour later there is no point in giving way but we will bear that point in mind.

HON J B PEREZ:

I hope he bears in mind that in the end I gave way. Anyway, that is all I have to say.

HON J L BALDACHINO:

I will repeat what has been said previously by this side of the House that I think that the Hon Member, the last speaker, said that the Opposition had been manipulated by the BMA. Mr Speaker, if one reads the paper and we have got the Director of Medical Services who agrees with the doctors in the Health Centre and prior to that, Mr Speaker, the Minister for Health said that what the doctors were asking was a reasonable thing, how can we be manipulated? Are the doctors right and the Director of Medical Services agrees with them and the Minister also up to a certain extent because it was published, it might be incorrect what was published but it was published, said that what the doctors were asking was a reasonable thing. How do they expect the Opposition to react? Are they right or are they wrong? Is the Minister right and the Director of Medical Services right when they say that the doctors were correct in what they were asking for, or that it is was reasonable what they were asking for? But that is not the problem, Mr Speaker, The Hon Member went to great length explaining the employer/employee relationship. I understand that, we are also well involved in that but that is a problem that the Government has as an employer with their employees and that is the direct problem which we are having at the Health Centre but what the Opposition is concerned is that the patients are the ones who are being affected by that and therefore the pressure must come from this side to that side of the House to find a solution to that problem. That is the Opposition's role, Mr Speaker. Whether the doctors are right or whether the doctors are wrong is something that you have to sort out with the doctors. If the doctors get too much pay it is because you have agreed with them beforehand that they should get that pay, Mr Speaker.

HON CHIEF MINISTER:

If the Hon Member will give way. What was explained before was that the extended services expected from them was on the basis of an increase in pay and now they seem to forget about it.

HON J L BALDACHINO:

Mr Speaker, it is up to the Government. I will give way to whoever wants the floor, Mr Speaker.

MR SPEAKER:

No, you have got the floor so you can go on.

HON J L BALDACHINO:

I am saying that I am prepared to give way to anybody. What happens is, Mr Speaker, that that is something for the Government to do with its employees. If they get allowances or if they increase their salaries then it should be made clear to them that there were certain conditions attached to that or wasn't there a signed agreement saying what they should have or what they shouldn't have because if it was something on a personal basis of "I give you this and you give me that", that doesn't work, Mr Speaker. If it is signed and agreed as it should have been done then, Mr Speaker, the Government is in a strong position to demand of the doctors what they should be doing now. The problem is that we are not defending the doctors as was implied by the Hon Member, Mr Speaker, we are not defending the doctors, we are saying that you must find a solution to the problem because by solving that problem then you have solved the other problem which is affecting the people who are calling at the Health Centre and may I say, seeing that everybody now goes to the Health Centre in this House, Mr Speaker, I don't go to the Health Centre nor to any other doctor for that matter. Maybe it is because I am in good health so therefore I do not abuse the system.

HON A J CANEPA:

Sir Joshua doesn't either.

HON J L BALDACHINO:

Most probably we are the only two in good health and therefore we do not abuse the system, Mr Speaker.

HON J BOSSANO:

I want to deal and then dismiss, Mr Speaker, the comments made by the Hon Member about the timing of the industrial action. What he said was orchestration, I think, worthy of Brahms rather than Bossano. The point I want to make in answer to that is that it is a remark that I would have thought was unworthy of Mr Featherstone, Mr Speaker, and I will tell him why, because the so-called orchestration can only be put directly at his door. He is the Minister responsible for the service, the Minister was given notice of the industrial action on Friday of the week before last. At 12 o'clock on Friday the week before last the IRO was informed that a solution had to be found during last week to the problem and that come Friday if it wasn't found, on Monday morning the nursing staff would not go into work. That is on record and it is the Minister's business to know these things, it is not my business to bring it to his attention in this House, that

was put officially and minuted. On Friday of last week the Government came back saying that they were sorry they had had no time to deal with the problem during the week and could they be given 48 hours more after Monday and they were given the 48 hours more after Monday otherwise they could have solved the problem before the House met and yesterday they came back, they sent the IRO here to give me the answer so that I could transmit it to the nurses and this morning I had four messages to try and find different solutions and I am now telling the Government, Mr Speaker, that whilst I am in this House I am not available to the Industrial Relations Officer or to any member of the Government because if on top of the fact that I am putting myself out to try and help them out of a problem they are going to have the audacity to accuse me of orchestrating it I am just not having it, I am not wearing that. I think the Hon Member, quite frankly, owes me an apology on that point because there is absolutely no justification for him taking that attitude. I am not prepared to have a situation where people put on one good face to me behind that door over a cup of coffee saying: "Joe, will you please help me out?" and then they stand here in public and they say the absolute opposite. If that is what the Hon Member believes that I have been up to.....

HON M K FEATHERSTONE:

I have never said behind the door or over a cup of coffee: "Joe, will you please help me out?"

HON J BOSSANO:

Presumably, Mr Speaker, when other Members of the Government do and I can tell the Hon Member that he has said that to me when he was in Public Works and when he had a particular problem and he said it to me in his office and he was saying it to me on the basis that he was talking 'Maurice Featherstone/Joe Bossano' and asking me because we have known each other for many years, to try and use my influence to help out in an area where there was a problem and whenever that happened I have always tried to do it if I thought there was any mileage. What I am not prepared to do is to have that available when it suits Government Ministers and then when it suits them to do the opposite, they stand up and they say the thing is being orchestrated by me. Well, if that is what they believe they must believe it consistently not when it suits them to say it and I am now telling him that as far as I am concerned the Government must know that anything they want done as regards the Union, the place to do it is the IRO's office, officially, in minutes, during working hours and after that I am not available.

HON CHIEF MINISTER:

I am sure that the Hon Member will give way and reconsider that decision which is not conducive to either his job or our job, as being final. If there has been some misunderstanding or if there has been some accusation which the Leader of the Opposition resents it is regrettable but I am quite sure that the same as he has said that people have approached him to say: "Give me help", it has happened the other way on occasions, too, but we don't mention these things here so I hope he will forget his temporary annoyance and go back to normal.

HON J BOSSANO:

Mr Speaker, I accept what the Hon and Learned Chief Minister has said. It is a situation which I have sometimes gone to Ministers and asked for their assistance, I have gone to the Hon and Learned Chief Minister sometimes because there has been deadlock and I have thought that if the matter was brought directly to his attention and he used his influence it would be conducive to an early resolution of the problem but I cannot do that and then five minutes later accuse him of acting in bad faith, the two things don't go together and that is what I am saying, either the Minister must recognise that what he has said is complete nonsense and certainly I have been hurt to hear it coming from him or else, if he really believes that, then that must be reflected in the kind of relationship that we have.

HON M K FEATHERSTONE:

If the Hon Member will give way. If it will assuage him I will apologise for stating that it was orchestrated, it appeared to me that it was orchestrated. If I only receive the overtones of what was going to happen on Monday, well, that is the way it seemed to me but if he wishes to accept my apology for stating that it was orchestrated today I am willing to give it.

HON J BOSSANO:

I accept that, of course, without any reservation, I am very grateful to the Hon Member for making it, Mr Speaker, but I do assure him that it happens to be something that has been building up and all I can say, Mr Speaker, is that if we take the situation with the nursing staff and I accept that the nursing staff regrettably have been, to some extent, propelled to the front of the situation when really they are not claiming more staff, they are not claiming that they are

seeing too many patients, they are not claiming more money, they are not asking for anything, but they have been put in the front line over a problem that isn't theirs and that is how the matter was brought to the attention of the Union and the way the Union put it to the Government was: "If you have got employees working in a particular area you have got a responsibility as an employer to protect them because they are working for you and they are on your payroll and you must ensure that the environment in which they work is a satisfactory environment". It happened with the Housing Manager a couple of weeks ago and the staff walked out and the thing had to be resolved. Of course, people are much more reluctant to walk out of a situation where they are leaving patients behind and because of that the Union gave the Government a week to try and come up with an answer on the basis simply of, there should be a body there, preferably a male, because all the nursing staff is female at the Centre and that makes it even more difficult, it seems that there are some people who are quite brave about abusing a young girl who is a nurse down there and would think twice if he is talking to a six foot policeman. They have been exposed to a lot of insults and it is not their job.

HON A J CANEPA:

If the Hon Member will give way. I get the minutes of all the meetings that he holds with the IRO and I am aware of the fact that the matter was raised by the union the week before last. I also have here in front of me copies of the minutes of the latest meeting that was held last Friday where the Hon Member again warned that this was likely to happen, that time had been given for the official side to look into the problem and that it wasn't the responsibility of the staff because they were not creating a problem, they were not claiming anything. That is perfectly acceptable and one can see that but, surely, the Hon Member must also see, and he has got a very difficult role to play in Gibraltar. I remember the days when Mr Albert Risso used to get a lot of stick because he was Minister for Labour and he was also the President of the TGWU and there was a lot of criticism about the AACR and I am sure the Hon Mr Feetham will bear me out, about the AACR manipulating the whole conduct of industrial relations and dominating the TGWU. The accusation is going to be there no matter to what extent you bend over backwards to be fair and I can vouch for the fairness of the Hon Member because he and I, I think, have a good workable relationship on these matters but the Hon Mover of the motion has had meetings with the BMA. A press release is issued by the BMA earlier this week or at the end of last week, the motion comes before the House just before lunch and during the lunch hour there is a walk-out. Perhaps, I shouldn't call it a walk-out, the situation had

become so intolerable for the nurses at the Health Centre who have been put into the front line by the doctors, the nurses go to the Hospital and say: "We are prepared to work here. Could you please re-deploy us, could you please give us work to do here?" But the news gives that out, that there has been a walk-out at one o'clock and to the uninitiated, even people like the Minister who is up to a point closely involved but not that closely involved, how does it appear? It appears in the manner in which it has been said and out of pique, out of whatever it is, the unfortunate statement is going to be made. This is what is unfortunate that the nurses self-compelled, after all due warnings, felt compelled to take the action that they have had to take this afternoon when the matter is being discussed in the House.

HON J BOSSANO:

I have accepted fully the retraction that has been made by the Minister, anyway, and all I can tell the Hon Member is that I can vouch for the fact that a lot of work was put in this morning trying to avoid it. They were supposed to be coming out this morning at eight o'clock and I went down there before I came to the House and I had a meeting with them and I said to them: "It is going to be very disruptive if you walk out in the middle of it so having not gone out this morning, although the deadline is now over, it was over on Friday, it is now over the second 48 hours, let us do the morning session and see if we come up with an answer at lunch time". In fact, an answer was provided at lunch time and the basis that I made my last contact with them was that if that answer had been verified which was that the people employed as messengers would be responsible for handling the patients, then they would have gone into work at two o'clock and there would have been no more frustration but, in fact, it didn't materialise because the people who were being offered to do the job apparently, subsequently said they were not prepared to do it because it wasn't their job and, clearly, you cannot have a situation, Mr Speaker, where I have got a responsibility in this House and no matter how much I try and help I cannot be negotiating over the telephone at the same time. I think what took place this morning, quite frankly, was on the basis of a genuine attempt being made by both sides to get the heat out of the situation as we saw the problem as far as the nurses are concerned and I think the motion that we are debating is not really about the nurses, that is just that they have been propelled, as the Hon Member says and the result of the action. We are looking at it from the point of view of the sequence of events leading up to this motion and for us it started last October, there had been questions in the House by my colleague, the Hon Miss Montegriffo, the Minister has been saying he has been having meetings with the doctors and the matter is under discussion

and we have been simply keeping it at the level of questions because as far as we understand progress is being made. But the feedback we get from the doctors is that this is not true. Whether the doctors are being impatient or not being impatient in giving the Government more time, that is a moot point. All I can tell the Hon Member who said that, Mr Speaker, Mr Perez said that they were, if you like, jumping the gun because the Minister had said that he was prepared to press for one more doctor with the Council of Ministers and so forth. Quite often the Government does create these situations for itself. I think the Government must understand, it may be that they have got too many things on their plate and because there are different pressures from different groups with different grievances and different things that need to be looked at or cleared or whatever, the person that makes the most noise or the person that is putting the most pressure is the one that gets the most attention but it certainly does happen that one gets the constant impression that it is the most patient people in terms of giving time to the Government or not complaining, who get shifted always to the end of the queue. I can tell the Hon Member that my experience as a negotiator with the Government is precisely that the people who are most unreasonable sometimes are the ones who get most attention because they insist on being heard, they won't go to the queue, they won't wait, they want to see the Chief Minister, they must see the Chief Minister and they won't be put off with seeing anybody else and, if necessary, they park themselves on his front door and eventually they see him, so they get their way.

HON CHIEF MINISTER:

They may see me at 8.30 but they are there.

HON J BOSSANO:

I think that tends to create a situation sometimes where people feel, just like the Hon Mr Canepa has been saying that perhaps one makes a wrong assessment of the situation might well appear to be a coincidence of events. I think he must also understand that it happens in the opposite direction, that people sometimes make the assessment, there are people who say the only way to get a house in Gibraltar is to go in and thump the Housing Manager on the nose and then you get a house, the pointage doesn't count, the waiting time doesn't count, the only thing that counts is that. That is a scenario which militates against reasonable discussion of problems and enhances unreasonable behaviour and I think what the nurses have suffered precisely is the syndrome of some people who feel that if they threaten the nurse then they will get put at the top of the queue whereas the person who is

waiting patiently for his number to be called will die there and never get called. As far as the actual level of services being provided, going back to October, our analysis of the situation, and I think if the Hon Member was being quoted wrongly he should have corrected it at the time because we have assumed that all this time has gone by, he has never denied it and therefore what he is saying today contradicts what he said then and contradicts what was being said by Mr Perez. We have had, first of all, the Hon Mr Canepa interrupting my colleague, Mr Pilcher, to say what do we think on this side of the House is the right number. We then get Mr Perez who has been a Minister for Medical Services himself saying he cannot decide what is the right number. We have had the Minister saying in October that he endorses that it is reasonable to see only fifty patients a day and then he comes here today and he says that the doctors have got time to spare, that they are not doing their full working hours. Which is it?

MR SPEAKER:

With respect, the Minister did not say that, I don't think so. I think that the Hon Mr Perez was saying that some of the doctors are doing more than the others because they are more popular.

HON J BOSSANO:

I think he mentioned the actual working hours, that they didn't do an eight-hour day. He did say that. I am certainly not in a position to say that I have sufficient knowledge of this field to be able to consider an average of fifty patients a day per doctor a reasonable average but we do have a doctor in the House who can, in fact, enlighten us on this aspect whether it is reasonable or unreasonable simply as background information, I would have thought, because at the end of the day the political decision that the Government has to have is that it has an obligation to provide a service to the community who are compulsorily insured. I supported the Government when they made membership of the scheme compulsory because I accepted, and I still do, that it makes a nonsense of a comprehensive medical service in which people can opt in or out because by the nature of things people who feel that they are never going to need a doctor, well, why should they contribute so the only contributors would be the people who are chronically ill and it is the same with any other sort of insurance scheme where there is a cost subsidisation, people who never use the medical services are paying for people who use them constantly, that is the basic principle, so you need to have the thing broadly based and therefore I believe everybody ought to belong to it and I support the Government view

on that and I supported it at the time and we collectively, as the GSLP, believe in that ourselves. But, clearly, if you are saying to people: "You are required by law to become insured under the Group Practice Medical Scheme", they must be able to obtain a service otherwise it is just another tax. You cannot then say to them: "You are required to do it but you go down there, you cannot get an appointment and then you either wait or go and see a doctor privately". Therefore, Government has got to accept which Government have done and have not done because I think whereas the Hon Mr Featherstone was almost saying to the House that there isn't a problem, which again slightly contradicts his previous analysis that we must cut our suit according to our cloth which implies that there is a problem but the problem arises out of the fact that within our limited resources the kind of health service we can provide doesn't give for more. That is one answer, it may be an answer that isn't acceptable to us, it may be an answer that is not acceptable to the contributor but it is an answer. It is an answer to say: "I have only got so much money for medical services and with that kind of money this is the kind of service that I can provide and although I am not saying that the service cannot be improved on or that it is perfect, the shortcomings are there but to put them right costs more money than we have got", period. And it seemed to me that that was the answer he was giving last October where the paper quoted him as saying that he hadn't accepted that there was going to be an increase in the number of doctors and that within the limitations we had to cut our suit according to our cloth meaning 'this is the kind of service we have to learn to live with' and that may be a good or a bad or an inferior service either compared to what there is elsewhere or by our own criteria. That is where the political responsibility comes in on the part of the Government. We have had not only a feedback of information from the doctors and the BMA who clearly are lobbying us in support of their case which they are perfectly entitled to do like any other union or any other interest group is entitled to approach Members of the House to try and get support for their particular hobbyhorse. But we have also had representations from dissatisfied patients and a feedback of information from people who are in the Health Centre, ie the nursing staff, who are not saying to us that they want more nurses but who are saying to us: "The situation is serious down there, the situation is serious to the extent that we are getting worried that sooner or later somebody is going to get hit by an irate parent" - because most of the people who have got very upset down there have been the people with young children who have been sent away. Generally speaking, the old people have sort of shouted and grumbled but put up with it and went away. The ones who have taken it particularly violently, according to the information we have got, are the ones with young kids, Mr Speaker, and I can understand that because

parental feelings are very strong in Gibraltar and I suppose people tend to be to some extent over-protective and if a child appears to be off colour or anything else they think he is going to die and they won't listen to reason and that is a characteristic of our people that we have to learn to live with whether we like it or not, they are like that. You can see the difference here from other communities where here a child goes along Main Street and trips and everybody rushes round and anybody would think that there was a major emergency and the kid has only just scratched himself and gets up and carries on walking and because people are like that we have got a real problem there in providing a service which until now has worked reasonably well. There are always complaints about all public services and I accept what the Hon Member has said about people's reactions to waiting in the waiting room of a private doctor and waiting in the Health Centre. It is the same in everything else, we find that with housing, Government tenants are far less satisfied than private sector tenants and yet they have got a considerably better deal than most private sector tenants but they feel that since it is Government, Government is there and because it is there it is there to provide and it is a very pronounced thing in Gibraltar and it is probably true to some degree in other places. One finds that in UK in things like public buses and public train services they seem to get a level of vandalism that doesn't happen when things are privately owned because people seem to think that since it is publicly owned it means that nobody is the real owner and you can do with it what you like, you are a part owner and you can simply help yourself to it. I think those arguments are valid arguments but they are arguments that are there all the time and arguments that have to be taken on board as part of the burden of having the responsibility of having to provide public services where however hard you try you will still not come up with a situation where people will say: "What a wonderful service the Public Works is providing or the health service is providing" and we are not seeking to obtain that Utopian situation. All that we are saying is that we have got information that the situation is critical, we are then bringing this to the attention of the House and we are asking the Government politically to respond to that situation and to give us an indication that they are aware of the difficulties that the system is experiencing which are in excess of anything that we have known in the last couple of years and that they are going to tackle the problem and come up with an answer which we cannot say to them the answer is necessarily "Employ four more doctors", we can say to them: "The doctors are claiming that that is the answer". We are not saying that that is necessarily the answer, we are saying that that is their claim. Whether it is or it isn't, what is absolutely clear is that the situation cannot be perpetuated as it is at

present, that must be clearly understood, but like any other analysis of any other problem, Mr Speaker, before you can start searching for solutions it requires an admission that the problem exists. If you do not admit that original premise the problem is there. If you say: "No, there is no problem" then, clearly, there is no need to look for a solution because the problem is being either invented by us or invented by malingerers or invented by the BMA. For as long as the Government is living under that misconception they won't find an answer and it seems to me, Mr Speaker, that that was the initial response of the Minister for Medical Services although subsequent contributions have changed that slightly and give us hope that whether the Government support the motion or not they certainly accept the reality of the situation and intend to do something about it.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I hope that you will give me the opportunity, the first opportunity I have had, to reply to the remarks made by the Hon Member, Mr J C Perez, in my contribution yesterday with regard to the income tax allowances to the members of the Gibraltar Shiprepair Limited. Let me say quite clearly to everyone that I am a very disciplined and a loyal member of my party. The only thing where I might differ from other Members is that I have a different approach. I will give you an example. When we were discussing MOD land, Mr Speaker, and I spoke about the excess land that the Admiral has. These are the kind of outbursts that I have and my colleagues approach it in a quieter way. Let me assure Members opposite, I don't need to assure my own Members, of the loyalty that I have as I am sure you have your own loyalty. I think the Hon Leader of the Opposition mentioned problems that exist which are peculiar to Gibraltar, to the character of Gibraltar, to the way we treat our children. I remember reading some time ago that there seemed to be a peculiar problem with a particular illness, I think it was gall bladder. There were a lot of gall bladder operations in Gibraltar and I don't know whether a study was carried out to confirm this but there could be reason to make a study why there are so many people ill in Gibraltar going to the Health Centre and from what sectors. I have worked in both sectors, I have worked everywhere, I am one of those few people who can claim to be working class and I know that in the private sector very few people go ill. In the Government departments, industrials go ill more often than non-industrials. Within the non-industrials there are uniformed bodies who report sick more than others. Maybe a study should be made as to what in-built immunisation or resistance to illness different type of people have. That is my contribution, Mr Speaker.

HON J E PILCHER:

Let us have a Select Committee chaired by Dr Valarino.

HON J C PEREZ:

Mr Speaker, I will not be making a contribution on the motion itself because I think we have covered most of the points. I would just like to tell the Hon Member that when I stated yesterday that he was known as the Member of the Opposition that voted with the Government I wasn't trying to cast any aspersion on his loyalty if not I would have said the Member of the Government who is about to cross the floor and I didn't say that.

HON MAJOR F J DELLIPIANI:

I accept that, of course.

HON M A FEETHAM:

Mr Speaker, I just want to discuss one aspect of the problem because the motion as it is phrased is not a motion aimed at the problems specifically or what is happening at the Health Centre though, naturally, the events which have occurred now have obviously highlighted and have covered a lot of the debate which has been going on in the House for the last half a day or so. The thing is that there is a specific problem where we are constantly told, and this is not a question of whether we should have more doctors or not, there is a specific problem which is continuously coming up which is quite adequately covered in the context of the motion when we talk about critical situations, we are having for example, people going to see consultants for appointments of a specialist nature and they are told that they cannot be seen for four, five or even more weeks but that if they were to go privately they could be seen within twenty-four hours, as has indeed, happened. I am not saying for one moment that that is correct or not correct but what I am saying is that if that situation exists, is the Government happy that that should be happening? Does Government accept that that is reasonable or whether Government ought to ensure that guidelines are drawn up so that if a consultant has a certain amount of time allocated for that particular practice privately, that it is not being abused because that is a source of constant complaint and perhaps that is an area which ought to be looked at and which perhaps the Government ought to answer once and for all. Is it that the public who are contributing are wrong once again, that in fact there is no abuse on that side or is it that what we need to do is to look at that closely and ensure that there is a regulated and, if I may use the word, an

ethical approach to that particular problem. Perhaps the Minister will comment on that.

HON M K FEATHERSTONE:

If the Hon Member will give way. I have just looked at one clinic in which 1,338 people were actually seen in two sessions fifty-two times a year, that gives about twelve persons per session. If you have forty people suffering from that illness then, perhaps, they may have to wait one month before their turn comes up whereas if that person has another day in which he has a private session and there are only three people applying then, of course, you are seen immediately.

HON M A FEETHAM:

Yes, but the point that I am making is (a) is Government accepting that as far as they are concerned the service is adequate, and (b) whether people ought to be put in a position of waiting four or five weeks and then being told they can be seen privately the next day? What amount of time is allocated to a consultant to do private practice and have the run of the mill in the Hospital to do that?

HON M K FEATHERSTONE:

He is allowed to do 10% of his time as private sessions.

HON M A FEETHAM:

What the Minister is saying is that that is being adhered to. That is all I want to know, as a matter of information. Is this being adhered to?

HON CHIEF MINISTER:

I would just like to say two things. First of all, that I don't think that there can be any doubt that we are concerned, as the Hon Leader of the Opposition has rightly said, irrespective of whether we vote for the motion or not, of course we are concerned about the medical services. I am glad that the last speaker mentioned this question of consultants which has come up because I think we ought to say that insofar as the running of the Hospitals are concerned, I think we should be proud of the Hospitals, proud of the people who work in them and proud to see almost every day in the personal column of the daily paper 'thanks to the staff' and so on. That is an indication, that is not just an occasional thing and, in fact, perhaps the thing is more highlighted when you get people from abroad who come here and stay and when they compare with what they find elsewhere. That point raised, which has been answered, is one

which has been the subject of comment in the past. A former colleague of the Leader of the Opposition used to raise it every time in the last House. The other one is, of course, sensitive, and that is the Health Centre. That is very sensitive and it is liable to have the kind of explosion that it has had now. I would only say that it is unfortunate that the doctors have sought to pursue this one in such a way that not only are the patients the victims but also the nurses.

MR SPEAKER:

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

HON MISS M I MONTEGRIFFO:

Mr Speaker, I would start by saying to the Hon and Learned Chief Minister that it is very unfortunate that the Government have not come up with any solutions to the problems. The problems, Mr Speaker, have existed for something like ten months so as far as we are concerned the Government has had ample time to do something about it. Surely, the least they could have done was to have engaged a locum whilst they contemplated engaging another doctor. We have been told that there is absolutely no difficulty in bringing over somebody from La Costa who is a British retired GP there. Again, Mr Speaker, if the reason for the delay is Government's scepticism as to the validity of the doctors' claim of eleven doctors to run the GPMS then, surely, they should have taken the advice of what the doctors have been suggesting for a long time and that is to bring over an independent assessor from the UK. We don't think it is really necessary but since the Government have engaged so many consultants and experts for so many less important matters, it would be better for them to do something concrete than to allow the situation to go from bad to worse. Finally, Mr Speaker, I would like to say that we, as a political party, are only concerned for the wellbeing of the patients and we cannot accept a situation where the Government are shifting the responsibility to the doctors. They are politically responsible to provide an adequate service and we would hope that the Government will vote in favour of our motion so that at least they acknowledge that the situation is serious.

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 K 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 Zammitt

The following Hon Members abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The motion was accordingly defeated.

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House -

1. Notes that a policy document was prepared in 1977 setting out the options open to Gibraltar in the light of the Spanish claim to sovereignty.
2. Is disturbed at the allegation that the Government of Gibraltar supported one option which provided, inter alia, for the joint holding of nominal sovereignty by the Monarchies of the United Kingdom and the Kingdom of Spain.
3. Declares that the people of Gibraltar have a right to know the options that have been considered as regards their future.
4. Therefore calls on the Government of Gibraltar to publish without further delay the documents in question".

Mr Speaker, the motion, as you well know, was brought to the House at the time that certain statements were made in public revealing an extraordinary state of affairs going back to 1977, in the context of a House of Assembly where the Government of Gibraltar a year after the election of 1976 found itself with a situation where a number of Members of the House had been elected on a platform under the Gibraltar Democratic Movement which sought a reversal of the Hattersley statement and was pressing for further constitutional change. There was a situation where some Members of the House, now in fact on the Government benches, having got elected in 1976 on the slogan 'We must know our future now', apparently started discovering what their future might be in 1977 but were quite happy to

keep it to themselves and not spread the good news around. Having waited patiently, as we are constantly recommended to do, from 1977 to 1985, it is our fervent hope that these proposals will now see the light of day, Mr Speaker, and that we shall be given a full and complete explanation of what went on. Surely, we cannot be accused of following the BMA in being over-demanding if we have waited since 1977. Clearly, Mr Speaker, the revelation was quite an extraordinary one at the time that it was made. It was made against the background of a great deal of uncertainty in Gibraltar as to the exact implications of the Brussels Agreement, uncertainty which has quietened down since but, of course, there is still a lot of mileage to be travelled before we see the full effects of what the Brussels Agreement implies and there is no doubt at all that what it implies in Spain does not appear to be what it implies to the Hon and Learned Chief Minister and I was glad to see his immediate reaction to the point of view expressed by the Liberals, although I must say that the point of view expressed by the Liberals to any outsider, to any non-Gibraltarian, must appear a very reasonable deduction from the Brussels Agreement which is, in fact, the establishment of a process aimed at wooing the Gibraltarians, and the Liberals were expressing the hope that the Gibraltarians would change their minds on the question of sovereignty and that it would be possible to introduce, in fact, that the wooing would succeed. Certainly we don't think that the wooing will succeed and we object to being wooed anyway on the basis that even to suggest it, Mr Speaker, is in fact a weakening of our position because I think it puts us in the light of saying: "Well, it is up to the highest bidder". If somebody comes with a large enough dowry we will fall over backwards. We don't think the Gibraltarians are like that, I think the Gibraltarians are rock solid in their clear sense of what they are and who they are and this is why, however many times we have come up with harsh criticisms of the Government in their handling of affairs which we are perfectly entitled to do, the one thing we have never done, Mr Speaker, is accuse them of being bad Gibraltarians or of wanting to betray Gibraltar's interests but we think it is perfectly legitimate to say either that we differ as to what we perceive Gibraltar's interests to be or that we differ as to what we perceive is the best road to follow to achieve those interests and I think that can be done without having to fall into the trap of putting in doubt the integrity or the loyalty or the goodwill of the person with whom one might have fundamental ideological differences or fundamental differences on questions of judgement. This is why the motion, in fact, says it 'Is disturbed'. The GSLP is disturbed that it was alleged that the Government of Gibraltar supported the option which provided for the holding of joint nominal sovereignty. It would certainly seem odd for the Hon and Learned Chief Minister to write to Mr McQuarrie so speedily saying that what the

Liberals were suggesting was contrary to the wishes of the people of Gibraltar and to have supported it in 1977 unless he thinks that the people of Gibraltar were in favour in 1977 and are against it now which is a high unlikely thing.

HON CHIEF MINISTER:

It is an allegation.

HON J BOSSANO:

It is an allegation.

HON CHIEF MINISTER:

I have said before that the allegation is not true.

HON J BOSSANO:

This is why I am saying, Mr Speaker, that the allegation disturbs us and therefore the Hon and Learned Member has got an opportunity, in fact, to make clear in the House that the allegation is not true and that he repudiates it but the point is it was made in public and we feel that having been true it would have been a position that is inconsistent with the statements the Government has made in the House and the statements the Government has made in public and therefore I think the House is perfectly entitled to seek an explanation on this matter and to express its concern at such an allegation being made. I am sure that Members on that side of the House would feel disturbed if it was alleged that the GSLP was toying with the idea of joint sovereignty. The final points of the motion, Mr Speaker, are consistent with a long held view of the GSLP on involving the community in matters which affect them. We say that the people have a right to know. That doesn't mean that the people of Gibraltar are concerned today to make choices between different options. I am making this clear because I do not wish to be misread in anything that we are saying in this motion and we do not want to give the impression to Spain or anybody else that we are falling over backwards to see what options they have got to offer because we are so keen to accept any of them. I would say that without having looked at any of them, one can be on fairly safe ground in assuming that there are 99 to 1 chances that they will be unacceptable simply on the basis of what the Spanish Government has revealed currently and what it has been saying for a very long time, that is, the Spanish position has not changed one iota and it is like I was saying earlier on, there might be fundamental differences between ourselves and the Government as to what we consider to be in Gibraltar's

best long-term interest. I don't think that there is, when it comes to the question of Spain, because I do not believe that the AACR can possibly have as an aim of policy the eventual intergration of Gibraltar with Spain and I sincerely hope that that view is reciprocated in this age of reciprocity, Mr Speaker, and that they hold the same concept of us because we have made it abundantly clear that we consider such a possible eventual solution to be anathema and therefore when I am talking about having the right to know what the options are, I am not doing it on the basis that any one of them might be acceptable to the people of Gibraltar but that simply it is a fundamental right and I think it is incorrect in terms of the kind of participatory democracy that one can develop in a community as small as ours to withhold information from people when there is absolutely no reason for withholding it. It seems to me that the whole saga of discussions and negotiations with Spain have been bedevilled by a hang-up on secrecy on the British part that does not seem to be shared by Spain. We have been faced with the embarrassing situation time after time where everything is leaked in the Spanish press and in the Spanish media, strenuously denied by Foreign Office sources only to be confirmed eventually as being very, very close to the mark and we are getting it now with all this business of the proposals before Sir Geoffrey Howe where Senor Fernando Moran and the informed serious Spanish press clearly have got their ear very close to the ground and are getting fairly accurate clues as to what is in those proposals and the proposals are talking about a condominium for a period of time or a lease back for a period of time and that is nothing new. Senor Fernando Moran has not discovered the moon by any means, those two options have been floating around as kites for as long as I can remember. The only difference that one can discern is an acceptance by Spain that a hostile Gibraltarian population is not a desirable state of affairs and that there are no indications that they would get anything other than a hostile Gibraltar population assuming anybody wanted to stay behind if the place is taken over. That is a minute movement in the Spanish perception of the Gibraltar situation because, in fact, one would have thought that anybody with their experience of the matter would realise just how much a thorn in the side a hostile population can be. To the extent that that colours their analysis of Gibraltar, all that we see is perhaps a recognition that the time-scale to which they would like to work and the time-scale to which they will have to work are two totally different things but we are not simply concerned about time-scales, we are concerned about the position today taken by the respective parties in the House of Assembly and the kind of leadership that we give the Gibraltarian community and if we are succeeded by people who feel differently from us about Gibraltar and about its future, well, that is something that whoever succeeds us will have to defend then politically but as far as we are concerned, the road that

we want to point in and the road that we want to encourage others to follow is one which leaves the Spanish option out. That is for us absolutely clearcut, we do not want to see Gibraltar being integrated into Spain, we consider any question of joint sovereignty is a halfway house towards assuming that purpose, we are disturbed it should even have been looked at in 1977 and I certainly think, Mr Speaker, whatever excuses people try to make for it now, it was very wrong that I should have been a Member of this House since 1972 and that I should have to have discovered in 1985 that there was this option considered in 1977 where the other fourteen Members, including three who stood for election with me, felt I couldn't be trusted and it had to be kept behind my back and when we were passing motions in this House at the same time in 1977, Mr Speaker, was when we carried a motion saying that sovereignty was not a matter for discussion with Spain, when the Hon Member said that the Strasbourg process which was then being initiated had been an idea that had suddenly come to him, I think, during a cup of tea he was having with Dr Owen in London. I hope we don't live to regret that cup of tea.

HON CHIEF MINISTER:

That is true, and it was tea.

HON J BOSSANO:

The Hon Member should stick to whisky like I do and he wouldn't get ideas like these then. I think, Mr Speaker, that it is in the context that although a lot of time has gone by and a lot of water has passed under the bridge, the thing was brought to the public attention very recently and we left it to this House because of the stand that we took on the Brussels Agreement and the position we adopted then, the fact that the matter is still in the air as evidenced by the leaks of what Senor Moran has proposed to Sir Geoffrey Howe, suggest to us that it is quite opportune to debate the motion and it is quite opportune to give this opportunity to the Hon and Learned Chief Minister to clear up this matter once and for all and to reassert, as we hope he will, that the only option that is open to Gibraltar is that it is the homeland of the Gibraltarians and the Gibraltarians don't want to be put under sovereignty of a foreign power however benevolent or well meaning that foreign power might be.

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

HON CHIEF MINISTER:

Mr Speaker, first of all, I am grateful to the Hon Leader of the Opposition for the statement about integrity and

attitude that he has prefaced his remarks with, they are not misplaced, I can assure him. If anybody said the opposite anywhere about me on that I would think they had gone mad. The other thing which he has said which is of particular interest is the question of whatever people do in the future is a matter for them and that very much fits in to my philosophy, that the rights of self-determination which we have chosen for ourselves is not a once and for all exercise or concept, it is an on-going living concept because otherwise we would be exercising the right one or the wrong one for people who come after us but I have no doubt what the rights are of the people of Gibraltar on this and it is my assessment of the situation in Gibraltar today that the great majority of people are relaxed on the question of sovereignty because of the numerous reassurances we have had from the British Government on this issue. In particular, the position of the British Government and our own position were made clear at the talks in Geneva on the 5th February when the Foreign and Commonwealth Secretary and I made statements on this issue which were duly reported in the media. On that same day, it will be recalled, the Prime Minister herself made a statement on the same issue in the House of Commons in reply to a question. As the Leader of the Opposition has rightly said, the motion which is now being moved was first given notice of in December last year. The motion was not discussed because the Opposition walked out before the Committee Stage of the European Communities (Amendment) Bill which gave effect to the Brussels Agreement. An Agreement which events and public opinion have shown to be, in our judgement, the best policy for Gibraltar. I would have thought that it would have been wiser for the Leader of the Opposition to have forgotten this motion. He does not need me to tell him that he is a highly intelligent person but because he is I would have thought that he would recognise a dead duck when he saw one. The subject of the motion, therefore, before the House is a very dead duck indeed. I have said on previous occasions that the approach of the Hon Leader of the Opposition to foreign affairs is simplistic and I am afraid that this tendency becomes more and more apparent and is evident in the motion that we are discussing today. I would go a little further in saying that the Hon Leader of the Opposition is - and saying this is not easy but I believe it and I am saying it - he is completely out of touch with public opinion on this issue. I said earlier that the people of Gibraltar are satisfied and reassured about the issue of sovereignty. The latest example of our position on this issue arose only last week when, as the Hon Leader of the Opposition himself said, the Liberals who solve the problems of everybody except their own, came here for twenty-four hours, we told them what the realities of Gibraltar were and they chose not to take any notice and suggested that the

future of Gibraltar laid in joint sovereignty between Britain and Spain. As the Hon Leader of the Opposition said, I lost no time in informing not only the Leader of the British Gibraltar Group but also the leader of the Gibraltar in Europe Group, Lord Bethell, and made very clear the position of the people of Gibraltar and I was very glad to see in the press the following day that the GSLP agreed with the action I had taken. It seems to me to be inconsistent for them to say this and at the same time to revive this motion. To revert to the simplistic approach of the Opposition, it seems to me incredible that it should be argued that a confidential policy document on the Spanish claim for sovereignty over Gibraltar drawn up following a suggestion by the then Secretary of State should be made public and in this connection I would like to quote from the letter which I wrote to the Chronicle in reply, about the hullabaloo, that it was an examination of the request made to us by Dr Owen in Strasbourg and the analysis described the sort of safeguards that would have to be insisted upon if that particular policy choice were to be adopted in Britain. "I have said on many occasions and I will say it again, the status of Gibraltar cannot be changed without the people having a say in the matter, that is to say, by a referendum. Only and when suggestions are made which are considered by the Government of the day to be sufficiently important or likely to be acceptable will this happen". I can tell Hon Members what they already know, that the easiest election I ever fought was the referendum. We knew what the results would be, we knew what we felt and there was the opportunity of the choices that were given to the people and I am quite sure the Hon Member and others in the Opposition know that policy analyses are a routine function of all Governments all over the world in relation to both domestic and international problems facing each country. This particular case was, amongst others, an analysis made at the suggestion of the Secretary of State of a proposal and we would have been failing in our duty and we would be failing in our duty now, and I am not referring to analysis of a similar nature, if from time to time when there is time and no pressure, we make analyses of possible alternatives in different matters not connected with sovereignty, I should make clear. I was prompt to say this afternoon earlier on that in response to what the Leader of the Opposition was saying in connection with the fact that those who shout more get more, that without casting any aspersions on anybody it seems to me sometimes that the machinery of Government, and I have said so to my colleagues, the machinery of Government and from that I am not disclaiming any responsibility for what the machinery does, we are responsible, but in actual terms if you are responsible for driving a motorcar you must have the right responses when you move the various things to see that the machine works. It seems to me that sometimes the machinery of Government is

only activated when there is a crisis, unfortunately, and if there are quite a number then the other things are left behind and then the others become part of a crisis later on and that is the difficulty. I don't know, I have no experience of other places but I am quite sure that apart from the fact that it is deplorable and must be improved, it has to be more or less the case in bigger organisation, perhaps even worse than us in respect to these matters. It is often not in the public interest that the details of analyses of which I have referred should be made public any more than one would expect a study made by the GSLP's executive on any particular matter that should be expected to be seen by everybody else and it is the function of Government to do that and they say: "But that is affecting everybody", but so would any resolution taken by the GSLP that would then go into their manifesto and might change the pattern or might attempt to change the pattern of life. As I say, in a letter that I published in the Gibraltar Chronicle on the 9th January I dealt fully with the situation. I made the point then, in particular, that the so-called revelations made by Mr Maurice Xiberras whose name the Hon Leader of the Opposition has very cautiously left out of his remarks today and in the motion - were motivated by political ambition and were an attempt to discredit my colleagues and myself - a flash in the pan, a visit for Christmas, left - I am inclined to say something that would not be nice in Spanish - and left it there to be collected by the Public Health Department. The allegations by Mr Xiberras turned out to be a damp squib even at the time before the frontier opened, today they are even more irrelevant. I have no hesitation, of course, in rejecting the motion and I will go further and say that in the new situation which we have seen since the 5th February, on the one hand people are rightly concerned about the economic development of Gibraltar and getting on with establishing their future, on the other hand I don't think that the people are interested in theoretical and opportunistic attempts to make political capital and I am not saying that in respect of the motion but I am saying that in respect of the so-called revelation. The people, I am sure, are confident that their political leaders in the Gibraltar Government and the firm resolve of the British Nation, the British press, the British Government and the British Parliament will protect our position on sovereignty, I think this is a reality. The Government rejects the motion and invites the Leader of the Opposition and his party to cooperate in the development of Gibraltar's economic future which will redound to the benefit of all concerned, whatever Senor Moran may think, whatever his attitude may be and if I may mix my metaphors, it is time to stop flogging a dead duck.

The House recessed at 5.35 pm.

The House resumed at 6.15 pm.

MR SPEAKER:

Before we continue the debate I am sure that the House will wish to join me in congratulating our Chief Minister for just having been told that he has been made a grandfather for the second time, our heartiest congratulations.

HON CHIEF MINISTER:

Thank you.

HON R MOR:

Mr Speaker, I am going to base my contribution on a letter to which the Hon and Learned Chief Minister referred in his contribution which appeared on the 10th January, 1985, in the Gibraltar Chronicle and I just happen to have a copy here by chance. The letter, Mr Speaker, is in answer to the revelations made by a former Leader of the Opposition about a two-flag solution for Gibraltar. I think, Mr Speaker, the letter sent in by the Hon and Learned Chief Minister must be a very carefully written letter, no doubt prepared in the quiet of his home in order to cover everything and these words sound familiar, Mr Speaker, these are precisely the same words that the Hon and Learned Member used when he referred to a contribution I made when we discussed the reduction of pensionable age and as a point of interest, Mr Speaker, there is a similarity between my contribution and some of those made by the Government in that in both cases these are prepared by civil servants, the only difference is, of course, that in my case I am a civil servant. In paragraph 3 of the Chief Minister's letter, Mr Speaker, the Hon and Learned Member says: "What actually happened was that immediately after the meeting with the Spanish delegation in Strasbourg on 24 November, 1977, Dr Owen, whilst having a soft drink in the British Mission, asked Mr Xiberras and myself to give some thought to a possible settlement based on co-sovereignty between the Crown of Britain and the Crown of Spain". I would draw your attention, Mr Speaker, to the way the Hon and Learned Member qualifies the word 'drink' by using the adjective 'soft'. Dr David Owen, according to the letter, was having a 'soft drink'.

HON CHIEF MINISTER:

Yes, he wasn't under the influence.

HON R MOR:

That is precisely my point, Mr Speaker, because in paragraph 7 of his letter the Hon and Learned Member says: "In fact, the matter was not raised by Dr Owen when we met again in Paris on 15 March, 1978, for the further meeting with Senor Oreja nor at any time since". So it may well be that Dr Owen was not having a soft drink after all. It seems to me inconceivable, Mr Speaker, how a Secretary of State for Foreign Affairs, a representative of the British Government, a man who was at the time directly responsible for the foreign affairs of Gibraltar, should forget about something which is of such fundamental importance to the people of Gibraltar. I think, Mr Speaker, that possibly the explanation could be that the Chief Minister may have been in touch with Dr David Owen and told him that there was strong opposition in Gibraltar about the idea of a two-flag solution and that was why Dr Owen never raised the matter again. I think, Mr Speaker, that what happened was that the Chief Minister agreed with the idea of co-sovereignty but then changed his mind.....

HON CHIEF MINISTER:

Mr Speaker, I must object and I must ask the Hon Member to withdraw that because he is implying something about me which is not true, he has no reason to know anything different because he wasn't there and it is most unfair and it is contrary to the spirit in which this motion was presented by his Leader.

HON R MOR:

With all due respect, Mr Speaker, I am basing my contribution on the facts revealed by Mr Xiberras and on the reply and I don't see, really, why I should withdraw what I am saying at all.

MR SPEAKER:

You are entitled to your opinion, I think opinions should be expressed on some basis. I cannot ask you to withdraw for the simple reason that as you have said, you are entitled to your opinion but opinions should be based on some knowledge.

HON R MOR:

With due respect, Mr Speaker, if at the time the idea of having a two-flag solution for Gibraltar was completely unacceptable, then at the time the Chief Minister should have refused altogether to even consider the idea.

MR SPEAKER:

I don't think the Chief Minister has said that he did or he didn't consider the idea.

HON CHIEF MINISTER:

It was a view I didn't accept, he just said: "You have to give some thought to it", and I took it away in the mind and so did my colleague, anyhow, there may be more information on that by people who know.

HON J BOSSANO:

If it had been made public we would all know, Mr Speaker.

HON R MOR:

Mr Speaker, I think we are all familiar with the Hon Member's tactics in adapting to any situation depending the way the wind blows and in a moment of crisis, Mr Speaker, the Hon Member will invariably remind us all of his many years of leadership.

HON CHIEF MINISTER:

I haven't said a word today.

HON R MOR:

You will, no doubt, recall, Mr Speaker, how recently, during the Brussels crisis, he gave us all a third-rate Ronald Reagan performance on television by reminding us of his many years of devotion to Gibraltar. In paragraph 10 of his letter, Mr Speaker, Sir Joshua says, when talking about himself that he is one 'who has done the most to preserve and protect the wishes and interests of the people of Gibraltar for well over twenty years'. Well, Mr Speaker, this is something which the Hon Member repeats with monotonous regularity. It may well be, Mr Speaker, that if the Hon Member continues this practice he may well end up feeling that when he eventually departs this life he will end up seated at the right hand of God to continue offering wise and consistent advice. In the last paragraph of his letter, Mr Speaker, Sir Joshua says: "The 1978 analysis is dead and done with and, secondly, that the chances of any Spanish Government accepting a three-flag proposal under the conditions stated above, are nil". Well, Mr Speaker, given Senor Moran's statements recently I would feel this matter is far from being dead, given that it may well be part of the latest Spanish proposals as to the future of Gibraltar. In conclusion, Mr Speaker, I note that a

policy document setting out the options open to Gibraltar was prepared in 1977. I am moreover disturbed at the allegations that the Government at the time supported the idea of co-sovereignty and I wholeheartedly endorse that the people of Gibraltar have a right to know what options were considered as regards their future. I therefore call on the Government of Gibraltar to publish this document without further delay.

HON A J CANEPA:

Mr Speaker, I think the intervention of the Hon Mr Mor is a matter for some regret. He has said something this afternoon which his Leader has not done on any occasion that the future of Gibraltar has been discussed in this House over the last thirteen years or so and he has done something which one has been led to believe was not the view of the GSLP and that is he has cast serious doubt and aspersions on the integrity of the Chief Minister, on the integrity of the Chief Minister in the stand that he has been consistently taking about the issue of Gibraltar for over a quarter of a century. The Chief Minister has never supported the so-called two-flag proposal. The Chief Minister has never forcefully put it across or defended the proposal as was alleged by Mr Xiberras, the ex-Hon Mr Xiberras, the former Leader of the Opposition. I can give a most solemn assurance to Hon Members of the House on that particular point and I am not a sycophant, I make no apologies for my attitude towards anybody, if anything, at times I fight whoever I have to fight including the Chief Minister if we happen to disagree, so I am not saying that in order to patronise or in order to be sycophantic about it, I say it because it is the truth of the matter. Mr Xiberras at the time I thought that he was doing a great disservice to Gibraltar during the Christmas holidays when he made the revelations that he did make. Subsequently, having regard to what happened, I don't think it has mattered enormously. He thought he was going to make a splash, he came here, he wanted it to be known that he had come here, he made certain declarations, got some publicity over the matter and then events, the opening of the frontier and what has happened since then, the talks at Geneva, have all brought the matter down to a proper perspective. Mr Xiberras descended upon us like Moses from Mount Sinai last Christmas and I have no doubt that he made these revelations in what he considered to be the cause of his own political comeback. It seems that for as long as he was flying to Strasbourg and Paris in 1977 and 1978, for as long as he was Leader of the Opposition, he was content to keep secret the fact that Dr Owen had asked Sir Joshua and himself to put their thinking caps on about sovereignty. But I know a little bit about what went on at the time which has not been made public and which I am going to reveal this afternoon. Personal reasons occasioned Mr

Xiberras' sudden departure in 1979 and during the intervening period, which included the signing of the Lisbon Agreement, Mr Xiberras did not see fit to make any disclosures. During the election campaign of 1984 Mr Xiberras actively supported the DPBG and the leadership of Mr Isola but last Christmas Mr Xiberras came to Gibraltar, tried to cast aspersions on the Chief Minister on the basis of the two-flag proposal, criticised the leadership of Mr Bossano and said that the DPBG had lost the general election in 1984 because they had moved too far to the right. They had moved too far to the right during a period when he was Leader of the Opposition, during a period when he was the Leader of the DPBG and he was moving to the right with his party and we who were Members here saw that happening. But now, of course, as I say, the reasons that led to Mr Xiberras suddenly leaving Gibraltar, reasons which we all regretted because one considered him to be a heavyweight in the political arena of Gibraltar and the kind of person that Gibraltar, in my view, as part of the democratic process, the kind of person that Gibraltar, at the time, seemed to need. Today, I am not so sure. But now that these personal reasons no longer hold good, in order to discredit Sir Joshua in particular and the AACR, and I have known Maurice Xiberras for very many years, for over two decades, and I know that his sole *raison d'etre* and his sole political philosophy has been the destruction of the AACR and one of the reasons why I stood for election in 1972 was because I knew very well what his views were and I knew about the extent that he wished to see the destruction of the AACR and I felt that I had to do something to try and put a stop to that and I had to make my own contribution and that was the immediate cause of my coming into politics fully in 1972. I don't agree with the Chief Minister that we have been discussing a dead duck, I disagree with him. I disagree with him because a duck cannot die unless it has been born and the proposal was aborted, it was never born, it never saw the light of day and I am going to explain how it was aborted. When Dr Owen asked Mr Xiberras and the Chief Minister to put their thinking caps on about sovereignty, the Chief Minister felt that that was a legitimate request that was being made by the Secretary of State and that we should consider what the options were. The discussion paper that included that and other options open to Gibraltar, that discussion paper was prepared in the office of the Chief Minister, it wasn't prepared in the office of the then Leader of the Opposition, and where else could it be prepared if not in the Chief Minister's office. The Chief Minister could hardly ask the head messenger of Secretariat to prepare the paper, it had to be in his office and a proper document was drafted and Hon Members opposite know that there are civil servants in the Secretariat who have been involved on the Gibraltar issue dare I say as long as the Chief Minister, very nearly so, who are

able to draft papers which are neutral, which try to be as balanced as possible and that is the kind of paper that was drawn up. At no stage did the Government support the matter any more than the DPBG did. The Government never took a view on the matter as Government. The proposals were initially considered informally and that is why there is no record of that first meeting because there was no civil servant present when informally the draft proposals were considered by Mr Xiberras, by Mr Peter Isola, by the Chief Minister, by Mr Aurelio Montegriffo and myself. Notice the five Members of the House of Assembly who had been involved in the Constitution Committee that met and produced constitutional proposals between 1974 and 1976. They were considered informally and I have checked my facts, amongst other people, with Mr Aurelio Montegriffo, what his recollection of the matter is. At that meeting Mr Xiberras expressed concern that all the Members of the then Opposition should know about these proposals. I said that the Government never took a view but what we in the Government did not have to do at the time was what the then Opposition had to do, namely, to exclude two of the Members of the House of Assembly who were sitting on the Opposition benches, notice I don't say 'Members of the Opposition', I say who were sitting on the Opposition benches. We don't have to exclude Members of the Government in the discussion of the matter as they had to do and Mr Xiberras was concerned, first of all, that Mr Bossano who was then an independent GSLP Member of the Opposition, should not be involved in those discussions and what is even more interesting, secondly, that Major Peliza should not know anything about that, and why? Because Mr Xiberras knew perfectly well that the moment that Major Peliza got a whiff of it he would blow his top, he would blow his top and Mr Xiberras as Leader of the Opposition and Leader of the DPBG who still maintain that they are more British than anybody else, could not afford to let it be known publicly that he was sitting in any Committee that was looking at any paper that had any suggestion of a two-flag proposal. That is the truth of the matter. What happened then, therefore? The thirteen Members of the House of Assembly then met to consider this paper. Not everybody spoke, not everybody had to kiss the flag, and this is where I think Mr Xiberras attributes to the Chief Minister that he forcefully put the matter across. There were five of us who are sitting on this side of the House present at that meeting together with the Chief Minister. I don't think it is the recollection of any of us that the Chief Minister forcefully proposed that we should accept this proposal. In no way, the Chief Minister chaired the meeting in as fair a fashion as possible, in as neutral a fashion as possible, he knew perfectly well what the mind was of members of the Government and I checked the minutes of that meeting and two members of the Government actually spoke other than the Chief Minister during that meeting, Major Dellipiani and

myself. I am not going to say what Major Dellipiani said but I am going to tell you what I said. As I say, I knew the proposal was abortive, it had no support, it couldn't have any support and I remember that I said very facetiously and the minutes so confirm it, that this was a proposal that I could not consider unless it carried the support of every Member of the House of Assembly and I knew perfectly well, of course, that it didn't carry the support of any Member of the House of Assembly let alone of every Member of the House of Assembly. That is what happened and therefore after that meeting of the thirteen Members of the House of Assembly the matter was never heard of again. Dr Owen didn't pursue the matter and nothing was ever heard of again until the descent from Mount Sinai and therefore having given Hon Members opposite that background I think that they will view the disclosure of Mr Xiberras with the contempt and the cynicism that it deserves and I hope that the Hon Mr Mor will now reconsider what he had to say during his intervention. The manner in which since the last general election Members on both sides of the House, and I was talking to Mr Feetham about it during the recess for tea, the relationship that we have managed to build up as human beings with each other, I hope that he will realise that he has done a disservice to the development of that relationship by having cast aspersions on the integrity of the Chief Minister in the manner in which he has done and in the same way as Mr Featherstone was able to apologise to Mr Bossano, in the same way I would hope that Mr Mor would see his way to withdraw those unfortunate remarks.

HON MAJOR F. J. DELLIPIANI:

Mr Speaker, I am just going to make very few remarks as I usually do. Quite frankly, what my Hon Friend, Mr Canepa, has just said about Mr Mor I was remarking to my colleague, Mr Mascarenhas. As I was listening to him I felt it was out of character with what normally I expect from the Hon Mr Mor. I really felt hurt and it wasn't directed to me, it was directed at the Chief Minister, to somebody I have known all my life, somebody who on foreign affairs I trust implicitly, on local affairs I quarrel with him many times because I might not agree with his views, it hurt me even though it wasn't directed at me and I sincerely hope because we have really developed a rapport, because we really have people from working class backgrounds on the opposite side which is something that I have always wanted, you don't have to be a lawyer, you don't have to be a big businessman to be sitting there, we have developed a rapport between us.

HON A J CANEPA:

Or to be sitting here.

HON MAJOR F J DELLIPIANI:

Or to be sitting here. I do hope that the Hon R Mor will withdraw the remarks he made. Thank you, Mr Speaker.

HON R MOR:

Mr Speaker, having listened to two Members asking that I should apologise to the Hon and Learned Chief Minister, I am, of course, prepared to withdraw anything which could be taken as meaning that I was casting aspersions on the integrity of the Chief Minister. However, I haven't yet had any satisfaction from the opposite side as to the reason why Dr Owen didn't take up the matter again.

HON J C PEREZ:

Mr Speaker, I think it was the Hon and Learned Chief Minister who said that he had noticed that there was no reference made by this side either by the Leader of the Opposition or in the motion itself to Mr Xiberras. Well, undoubtedly, and especially after the Hon Mr Canepa's contribution, we blame Mr Xiberras as much as the Government for not having made this public. We still maintain that we feel this should have been made public and it is not that we are taking the side of Mr Xiberras on this issue, we are very critical of the fact that Mr Xiberras came, like the Hon Mr Canepa said, from Mount Sinai with his declarations. The allegation that he made has been valuable, it has been valuable because we now know more about it than we did before he made any declaration and I think that if the Hon Mr Canepa was critical of Mr Xiberras for his attitude and I agree with him completely that he didn't want to inform neither my colleague, Mr Bossano, or Major Peliza, then I think part of that responsibility should also be carried by those Members who were there, who concurred with him at the time. The Hon and Learned the Chief Minister said in his contribution that he found us to be simplistic on foreign affairs. I think that I wouldn't call him simplistic because I think that that word is not adequate to describe the differences between us on our approach to the situation of Gibraltar which is referred to as foreign affairs. The Hon and Learned Member has said that every country makes analyses of situations and looks at situations but it seems to me that the mistake that he made with Dr Owen was in fact to carry out the study at all because it might have given him the wrong message and what one doesn't know is whether if those messages had not been sent then we wouldn't have ended up with the Brussels Agreement which is not under discussion but has been mentioned, Mr Speaker, where we see all sorts of implications. Time will tell what happens but there are proposals that need to be discussed which concurred with what Dr Owen.....

HON A J CANEPA:

If the Hon Member will give way. What messages had been sent? Nothing went back to the Foreign Office, perhaps we took Dr Owen too seriously and nothing went back, perhaps the matter should not have been considered at all, maybe it was a frivolous remark on his part but nothing went back from Gibraltar to the Foreign Office on that we never heard anything further about it.

HON J C PEREZ:

I am glad for that point of clarification.

HON CHIEF MINISTER:

I think that that was obvious from my intervention and my letter.

HON J C PEREZ:

I am glad for that point of clarification. Then I take it that unless Mr Xiberras had not come put publicly the British Government and the Foreign and Commonwealth Office wouldn't have known at all that the elected Members at the time were looking at that situation?

HON CHIEF MINISTER:

It is not that we were looking, looked at.

HON J C PEREZ:

Just to add, Mr Speaker, that I think that there is a difference between a political party studying something which could later be put to the electorate and that although I agree completely that if the Government as Government were to consider at any stage something on those lines it would also put it to the electorate, the implications that the Government of the day together with the elected Opposition of the day, should have been doing it is not the same as if a political party does it outside Government. This is in answer to the suggestion of the Chief Minister that political parties do have analyses and political parties do study things and he was not expecting us to reveal what our analyses of different situations were. I would certainly disagree completely with the Chief Minister that it is something that should not even now be made public. I think that the fact that Mr Xiberras revealed it, the fact that you have revealed that at Mr Xiberras' suggestion two Members of the then House of Assembly were not informed and the fact that this creates

a bad feeling all round, is in fact looking at it from the Opposition, I would say reason enough to make the proposals public and the position public and then, of course, even if the Hon and Learned Chief Minister doesn't want to make it public, I would think and I would hope that my colleague, the Leader of the Opposition takes this up, that it could be given to the present Opposition on a confidential basis so that we are satisfied about what was being looked at. But then where does the question of confidentiality start and end because after all you are revealing the same as Mr Xiberras did, things which presumably were confidential at the time.

HON CHIEF MINISTER:

Of course, when it becomes relevant.

HON J C PEREZ:

I still maintain paragraph 3 of the motion more so now, that the people of Gibraltar have a right to know and I would hope that seeing that I am one of the contributors who is more forceful especially on matters of foreign affairs, that since I have been lenient enough the Government might reconsider and perhaps support the motion.

MR SPEAKER:

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

HON J BOSSANO:

Mr Speaker, if nothing else has come out of this motion other than the clear statements and the revelation made by the Hon Mr Canepa, I think that was reason enough to justify having brought the motion to the House. Quite frankly, I am astonished to learn that it was at Mr Xiberras' initiative that the proposals were kept away from me in 1977 considering that when he came back in December he made the point of telling me before it was revealed in the paper that he was proposing to do it the next day but he omitted to tell me the relevant details that I didn't know before because he had been against it and I am sure that Major Bob Pellza is not aware of that either. I must say that I have not had the same perception of the motivating factors that impelled Maurice Xiberras to come into politics as the major thrust being the elimination of the AACR. I think sometimes, with all due respect to the Hon Mr Canepa, I think sometimes they do tend to get a bit paranoid about other people being out to eliminate them because after all it isn't so long ago that I was being accused of simply leading the Opposition to the implementation of the Brussels Agreement because I was

out to bring about the downfall of the AACR which is absolute nonsense and I think it is like the remark that Members on the other side then had.....

HON A J CANEPA:

If the Hon Member will give way. Mr Featherstone used to come up to the Grammar School twice a week up until the late 1960's twice a week only, he used to join us in the staffroom but I daily joined Mr Xiberras in the staffroom between 1963 and 1969 and he was paranoid about the AACR. I said it was his *raison d'etre* but perhaps he was motivated to take the plunge when he did by, perhaps I am doing him a disservice to that extent, he may have been motivated by the same concern that motivated many people in 1965 and 1966 to launch the pro-Integration with Britain Movement and the Integration with Britain Party, though I accept that there was also an element of the second one but the former is very much so. I don't know to what extent Mr Bossano remembers because they may have been some of the years that he was away from Gibraltar, but Mr Xiberras was wont to ally himself and to support in active campaigning whoever at successive general elections took the strongest anti-AACR line. On one occasion it was Mr Seruya, on another occasion it was Mr Chamberland and others. I think those of us who were observers of the political scene in Gibraltar during those years, I am sure, will agree with that observation.

HON J BOSSANO:

Perhaps the Hon Member, Mr Speaker, has known Mr Xiberras longer than I have and, in any case, certainly I am not particularly endeared to Mr Xiberras after what he has just told me today so let us make that absolutely clear. I certainly think and I take the point made by the Hon and Gallant Major Dellipiani in saying that we have come closer to each other without in any way giving any of the fundamental ideological principles which we respectively hold. On many occasions I think the House has been able to debate fundamental issues and to have clearcut and mutually exclusive positions and not harm the personal relationship that I think can and should be maintained as far as it is possible and I think we have managed to restore some of that since I think we came very close to, I think I described it at the time, as the lowest ebb in our relationship with the Government over what we honestly felt was a serious and retrograde step and we don't believe today that the Hon and Learned Chief Minister is correct in saying that it is simply that we have got public opinion wrong because it isn't simply a matter of public opinion. As far as we are concerned, political leadership goes beyond simply responding to public opinion

at any one time on the assumption that we are making that people in the House, particularly people who have been for some time in the House, ought to be in a better position to assess issues than the average man in the street and therefore public opinion may feel that all that has happened with the Brussels Agreement is that we are getting thirty coaches a day and that that is the beginning and the end of the matter and nothing else is going to happen and to that extent then that is the average naive analysis, people are saying: "Well, what is there to worry about? What is wrong with having thirty coaches every day, nothing else is going to happen". But, of course, we believe that that analysis is wrong and we don't believe that that is the analysis of the Government although that may be the analysis of the average man in the street and, therefore, as far as we are concerned, we are not gauging public opinion wrong, we are absolutely convinced that public opinion, generally speaking, cannot see six months ahead, public opinion at any point in time moves from one important issue to another and particularly here in Gibraltar where public opinion seems to consist of people with incredibly short memories, a matter which the Government has been able to use very effectively in budget after budget. When they discovered just how short the memories were they introduced the changes in the budget and then they string them out throughout the year. You have one increase in July, when everybody has forgotten what went up in April, another increase in October when they have forgotten what went up in July, and they have been able to do it very effectively and they make a million quid and because they pass it on in dribs and drabs they get away with it, people forget it. The Hon and Learned Member has got the advantage over the rest of us because he has been studying the peculiar responses of the Gibraltar personality longer than any other Member of the House and I think he has it down to the last fullstop and comma, no question about that, and his success is undisputed but that doesn't necessarily mean that his assessment of how the Government should handle a particular situation is right and ours is necessarily wrong although we accept that for as long as they have got the responsibility of Government it is their judgement that must prevail and if their judgement is wrong they will have to answer for it at the polls because we believe in parliamentary democracy, Mr Speaker, We also believe that part of our function in this House must be to try and restrain them if we think they are doing anything that is particularly dangerous or foolhardy, to try and persuade them to change their minds if we think that this is necessary or if nothing else, simply to try and show up their mistakes in order to persuade the electorate that they would be better advised to have a GSLP Government than an AACR Government. We certainly are not out to destroy the

AACR as an entity as if it was a cancer destroying Gibraltar. This is why I draw a distinction between fundamental differences in approaches or in attitudes or in analyses or in anything which I think are perfectly legitimate and actually pointing the finger at somebody and saying that that person is a fifth column in our midst. I don't think that one can say that of Members opposite, certainly nobody that knows many of the Members opposite at a personal level can believe that that is so and I think that that is reflected and we have seen it reflected many times in the House when, particularly Members like the Hon and Gallant Major Dellipiani, respond from the heart and respond with exactly the same words and phrases as they would do whether they were on this side or on that side or talking inside or talking downstairs and I think we have seen that and I think it is a useful and a good thing for the House of Assembly to have this freedom within our ranks. I am sure that when my colleague made the remark that he made about Major Dellipiani there was no intention to embarrass him, nothing like that at all. Mr Speaker, we don't think that there is a need to do things like that. If we have to criticise each other we shall criticise each other for much more fundamental things than that. I suppose that the Government's position on the question of not making it public is consistent with the stand that they have taken on keeping documents secret in other areas although I must say that having revealed as much of it as the Hon Member did in his letter, I am not quite sure what it is that remains to be revealed anymore because it seems to me that in his letter, presumably, he went out to summarise the position and I think the response, particularly, and the clarification produced by the Hon Mr Canepa, perhaps have helped to clear up the issue once and for all because I certainly think that the question of joint sovereignty is not a dead duck in the sense that it is apparently under consideration in London now and apparently is still going to be around for some time to come and apparently we are going to have to make absolutely clear its unacceptability but the fact that we are making it clear that both sides of the House find that notion abhorrent and that the Members who were consulted on it in 1977 found it abhorrent and the fact that we are saying so publicly and for the record must, I think, help in the current consideration of the proposal, that is, help to get it dismissed, I would have thought. I also think that clearly the exposition of both the Chief Minister and the Hon Mr Canepa is such that it seems that what they are talking about at what took place in 1977 and what the Hon Mr Xiberras, as he was then, claimed had taken place at the time and what he revealed in the Chronicle in December are two different things. Certainly, the impression that I had was that the Opposition had been called in by the Government and the Government had said: "We have got some proposals here that we want to put to Dr Owen, will you go along with it with

us or not?" And the Opposition said: 'No way', and then the Government dropped it. I think, quite frankly, that is how the thing came out in public.

HON CHIEF MINISTER:

That is how he put it in public.

HON J BOSSANO:

I don't think that there is anything wrong in doing at any time an analysis for one's own use of possible alternatives or possible consequences or possible results. I cannot think that there is anything wrong with that, that is a fundamental criteria of GSLP thinking because the GSLP believes in planning for the future. If you are going to plan for the future you must say to yourselves: 'If I do A I get B, and if I do C I get B', and you look at a series of options. I have been urging the Government and so have other Members of this House that in looking at the way the accounts are structured we should be thinking in terms of the allocation of economic resources. I have used before the concept of opportunity cost, opportunity cost involves options, involves following one road and sacrificing another road. To have a policy document for one's own consumption and an analysis is a perfectly legitimate thing and there is, again, no need, I suppose, to make such documents public although I think it is more relevant to talk about making them public when they are being made by a Government as a Government than when they are being made by a party in Opposition who then has the role of carrying out its policies, then certainly there is an obligation but I don't think Opposition parties go around bandying all the ideas that they would put into practice if they were in Government otherwise they will never get into Government.

HON CHIEF MINISTER:

If the Hon Member will give way for just one moment. It was done in the office of the Government but it was as a result of the bilateral approach to foreign affairs.

HON J BOSSANO:

Yes, I can see that, it was done presumably for both, it was done by the Government machine for both Government and Opposition. I think we have had, at least, I imagine, one similar document that I can think of which is the document that was prepared for the EEC Committee on the question of representation to the European Parliament. I certainly took that initially to be the Government view and then I was told that it wasn't the Government view, that this was a series of

arguments on the things for and against and that the Government had not made up its mind on it any more than we had made up our mind on it and after that explanation was given to me I understood the difference. I take it that the Hon and Learned Chief Minister is saying that the same as that happened that is what happened the previous time. That makes it even less comprehensible why any Member of the House should have been kept out. I would have thought the very least that should have happened then, although I accept what Mr Canepa was saying that the initiative didn't come from the Government, but I would have thought that the very least that should have happened was that if I was going to be kept out of it, at least I should have been made aware of its existence and be given the choice of either wanting to see it on a confidential basis or saying I wouldn't have anything to do with it. We certainly think it would be a useful thing for us to have sight of that document and I hope the Government will not consider that there is anything preventing them from making it available to us on the same basis that it was made available to the previous Opposition like many other things have been made available to us since the last election, Mr Speaker. The Housing Report, for example, was recently provided to my Hon Friend, Mr Baldachino, and it had been promised in 1983 to the previous Opposition. We honestly believe that it would help to dispel a lot of misconceptions if we were less paranoid about the need for confidentiality, quite frankly, but I suppose we will have to wait until we have a GSLP Government for that when no doubt the AACR Opposition may be asking us.....

MR SPEAKER:

Will you be insisting on a vote?

HON J BOSSANO:

On the motion, Mr Speaker, or whether we are going to form the next Government?

MR SPEAKER:

On that one I am sure you will insist on a vote. I am referring to the motion. May I suggest that if you do, of course, then the Government would take a decision now and if they do vote against the motion then you burn your boats to the extent of disclosure. What I am asking is do you want a vote on the motion?

HON J BOSSANO:

What is the alternative to a vote, Mr Speaker?

MR SPEAKER:

There is no need to take a vote if the House does not wish to take a vote.

HON CHIEF MINISTER:

I said we would oppose the motion. Whatever they are saying now I will think about it but it has nothing to do with the motion. I have seen before, on occasions when confidential documents have been allowed to be seen by Members and then paragraphs quoted in toto. I don't know whether they have photographic eyes or whatever. There was a case, I remember, not the Member opposite but somebody who probably had access to it, quoting the Casey Report to me at the Ince's Hall - "Doesn't paragraph 26 of the Casey Report say bla, bla, bla?" and that was the leader of the now defunct party who threw it at me in actual terms and he was only supposed to have had the knowledge of somebody who was supposed to look at the paper only.

HON J BOSSANO:

I accept that, Mr Speaker. I don't think that the person that did it was actually a Member of the House or had obtained information on that basis and I think that, in fact, if I remember rightly, Mr Speaker, the Michael Casey Report was available to be seen by every member of every Committee of every Union in the Trades Council on a confidential basis and then the Hon Member says that he is surprised that it was quoted in public, I would have thought by the time every member of every Committee or every Union had seen it in Gibraltar that covers a fair proportion of the population.

HON CHIEF MINISTER:

The point was not that, the point is that it was quoted verbatim.

HON J BOSSANO:

I suppose if so many people saw it and they all just memorised one word of the Report by the time they all got together they were able to reproduce the entire Report. If the Hon Member doesn't want to make it available to us there is no way we can force him to but it seems to me, Mr Speaker, that part of the problem, I think, in the Hon and Learned Member's interpretation is that I have heard statements in this House from the Government benches as to the degree of involvement in seeing confidential matters which I agree with and I am prepared to defend but which seems to conflict with what I am told confidentiality means when it comes to our side of the

table and I think, for example, if the Hon Member says: 'This is all confidential but I feel that it might help to put things in perspective', and then he reveals it then, presumably he is breaking confidentiality.

HON CHIEF MINISTER:

The difference is that we are talking about a document and we don't know what is in it. It is the circumstances that led to the document that were revealed.

HON J BOSSANO:

I know that we are talking about a document and although it is obviously helpful if the Hon Member quotes part of the document to help us put things into perspective then, clearly, we will be able to put it into better perspective if we see the whole thing, logically. The Hon Member has made absolutely clear that he has nothing to hide, he has said that this was just a neutral report looking at all the possible consequences. Well, then, what is wrong with that policy document which was never actually made use of but which is still in existence and which was made by the Government machinery for the use of the then Government and the then Opposition, being accessible to the current Opposition?

HON CHIEF MINISTER:

There is one very fundamental difference, if I may say so, with respect. Apart from whether we have an afternoon off one day and we look at it, that is a different thing. There is every difference, in fact, it is a difference that is prevalent today and that is that the then Opposition were agreed to receive information on foreign affairs on a confidential basis which the Hon Member, which I respect, has never agreed and that is a completely different situation. I don't want to interrupt you any more and, in fact, we have another motion which I hope we can finish today, the same as the papers of one Government are not available to another Government in the Secretariat. I have never seen any documents or papers of the time of the IWBP administration. They are taken away, you never see them. Unless they are relevant decisions which have been implemented, you never look at papers of another Government.

HON J BOSSANO:

Mr Speaker, I think I need to clear one thing. This is precisely what I am talking about. When it comes to confidentiality I can tell the Hon and Learned Member that I am now and have been for some time in correspondence with His

Excellency the Governor on the question of confidentiality because what I have never been able to accept seems to me is not acceptable to the Government, that is, that if the Government were required to accept the version of confidentiality that was put to me initially, the Hon and Learned Member would not have been able to say any of this and would not be able to say half the things they say in the House because it seems to me that they are within limits allowed a measure of discretion as to who is consulted or who is not consulted or who is informed or what is revealed whereas I was told that it was a question that the only person who could see anything was me and that I couldn't even confide in the person sitting next to me and I don't think anybody on that side accepts that or has ever been asked to do it.

HON CHIEF MINISTER:

We are not judging that here.

HON J BOSSANO:

But I think it needs to be put in that context and another thing, I think, that I need to put in context, Mr Speaker. I noticed that he was very quick to note it down when I talked about future Members of this House being free to give a different leadership if they chose to and I think he equated that with a statement he has made on occasions about future generations deciding for themselves and that we couldn't decide for them and that the principle of self-determination has to be a thing that is kept alive and not closed. Well, first of all, it is impossible to close this anyway so it is not an issue. There is no way that somebody in the House of Assembly today, for example, or somebody in Gibraltar today can take a decision that is binding on future generations. It is not possible to do even if one wanted to do it but I think if one draws attention to the question of 'future generations might think differently', one seems to be kindling a tiny flame of hope. That is certainly the reading that has been made of it and a reading that I have made of it for many years when I have opposed the use of this phrase. I have opposed it not because I am saying that the Chief Minister or the AACR want to see a Spanish Gibraltar, I am not saying that, what I am saying is that if you say: "Well, you never know, nobody in Gibraltar wants it, it might take two generations, it might take three generations for people to change their minds". I think that if it is put in that light, then it seems to me to be saying to the other side: "Don't lose hope because in time things might be different" and I think we have got to say to them: "Lose hope, not one generation, not two generations, not two hundred generations, not for as long as any of us are here or people who think like us are here". Therefore we are saying the leadership

we give is that. Tomorrow if there is a different kind of Gibraltar in Gibraltar and if there are different kinds of political leaders in Gibraltar and if there is a different kind of House of Assembly, then the direction might be different but for as long as we are around and people like us are around then it won't be and I think we have got to be absolutely clearcut that we are closing that door and that it will take somebody else to come and open it and that they will have to do it by crossing swords with us, I think that is the role that we have to play. That is a reality, it isn't something that we have to say: "Oh, we must keep that option open because it would be undemocratic to close it". It is not within our province to close it. After all, Mr Speaker, we have spent the last two days changing legislation going back to 1981, so if we can go back to 1981 just imagine what we can do in the future.

HON CHIEF MINISTER:

I just wanted to say that I did take a note but I didn't follow it up because I thought following it up would precisely give the wrong impression and that is that I have certainly never done anything anywhere to show that wooing us would help. I have never done it, I have expressly kept away from that because I think that that is bad thinking, it is corrupt thinking now in a way.

HON J BOSSANO:

I was actually giving way to the Hon and Learned Member.

MR SPEAKER:

I was completely and utterly convinced that you had exhausted every argument.

HON J BOSSANO:

Mr Speaker, all I want to say is that in the light of the obvious enthusiasm on the Government benches perhaps the Hon and Learned Chief Minister finds himself in splendid isolation on this one when he said that there was no need to bring this motion to the House because obviously it is a very popular one with the Government, they are all applauding it.

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 following Hon Members abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The motion was accordingly defeated.

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House -

1. Notes that the Government was unable to explain in answer to Question No. 86 of 1984 the basis for its calculation of rates for dwellings.
2. Notes that the matter was raised with the Government in a subsequent letter of 14th December, 1984
3. Notes that the Government did not reply until 1st March, 1985, the day on which the right of appeal against the Valuation List for 1985/86 expired
4. Considers that it has acted in a totally undemocratic and cavalier fashion in handling this matter, made no attempt to answer the points raised in December, 1984, or to explain the justification for its method of compiling the Valuation List and censures the Government therefor".

Mr Speaker, the House will note that the motion is censuring the Government not for the way it establishes the net annual value of domestic properties or for the level of rates but for the way that it has responded to the view of the Opposi-

tion which have been put in a context where we have been following the philosophy that we said we would follow shortly after the election of dealing with things in direct correspondence where it was possible to do so to obtain clarification or information or detailed explanations without taking up unnecessarily the time of the House and following, in fact, the matter having been raised in the House. In Question No.86 of 1984, Mr Speaker, on the 30th October, 1984, the explanation given by the Hon Mr Canepa was that the basis for the establishment of the net annual value of domestic properties under Section 310(3) of the Public Health Ordinance was five-sixths of the rent charged for Government property and that there was a notional deduction of one-sixth set aside for repairs. That notional deduction of one-sixth for repairs has no apparent explanation, that is, I said in reply to that point when Mr Canepa mentioned the figure of one-sixth, that it was possible by looking at the Housing Fund to establish how much of the rent went on repairs and therefore, by implication, how much of a rent would be payable notionally if the tenant paid for the repairs himself. The Hon Mr Canepa said: "I think whilst the Hon Member" - referring to me - "may legitimately argue along the lines that he is actually doing, ultimately it is a matter for interpretation by the Valuation Officer" I followed that through and the Hon Member then said that if one didn't agree it was a matter that had to be challenged in the Court and I asked him: "How does one pursue the question of contesting the formula, contesting whether the formula of five-sixths is, in fact, accurate or correct or the right interpretation of the provisions of the Ordinance", and the Hon Member said: "I do not know. I know what steps an individual can take in order to contest the rateable value of his property if he feels aggrieved. If he is successful, if that is a test case and he is successful then that is generally applied but how the whole basis of the formula can be generally challenged I wouldn't be sure and I think if the Hon Member cares to pursue the matter outside the House, if he cares to write to me, I will pass it on to the Valuation Officer and perhaps we can get to the bottom of it". This is what I was told in October. In November the draft Valuation List is published using the formula. The draft Valuation List says that the person I have to write to under the provisions of the Public Health Ordinance is not the Minister for Economic Development, it is the Financial and Development Secretary. So since I had been told in October in the House that if I wanted to get to the bottom of it other than using one property as a test case I should write to the Hon Member who would then pass my letter to the Valuation Officer and I see in public in the Gazette a notice that says that if I want to raise anything at all in the Valuation List, I will read what the Public Health Ordinance says on the subject, Mr Speaker. When I read in the Gazette, Mr Speaker: "Any person who is aggrieved by the

inclusion of any hereditament in the draft List" - which presumably refers to the individual properties - "by any value ascribed in the draft List to a hereditament or by any other statement made or omitted to be made" - I thought, well, I don't know what a statement means in terms of a List but it is conceivable that a statement may be the whole value of the whole List and therefore since it tells me that the person that I must write to, it says here in the law that within thirty days I must write to the Financial and Development Secretary giving him notice of my objection and that every notice of objection under this Section shall be in writing and state the grounds on which the objection is made and the amendments desired to remove the objection and I did that. I wrote to the Hon Financial and Development Secretary on the 14th December, I did it dutifully as provided for in the law, I said: "I am serving you with notice of my objection. I am aggrieved by the statement in the List which produces a value based on five-sixths of Government rates, I consider this to be wrong by reference to the 1982/83 Estimates of Expenditure", where I got the rent roll, I deducted from the rent roll the amount for rates to be left with the net rent, I then calculated the amount of maintenance provided for under the Public Works vote and the amount of maintenance under the Housing vote, I then got the net figure, I referred the Hon Financial and Development Secretary to Section 310 in the Ordinance that says: "The calculation shall be in the case of a dwellinghouse by comparison with the rent at which dwellinghouses owned by the Government are let to members of the general public and the amount of rent at which the hereditament would be let if the tenant undertook to pay all the usual tenants rates and taxes and to bear the cost of repairs, insurance and other expenses to maintain the property". I said since the Government is spending, say, 80% of the rent on maintaining the property and on repairing it, it follows from my reading of the law, that since that information is available instead of making a notional deduction of one-sixth which appears to be a completely arbitrary figure, the rates should be based on 20% or 26% of the rent, I think it was, the formula produced by reference to actual figures for 1982/83 and I didn't get an answer. I wrote to him in December and nothing happened. So I waited, Mr Speaker, and then at the end of January I find that a notice in the Gazette says that the draft List has now been confirmed. I then wrote back to the Hon Financial and Development Secretary and I said to him: "My understanding of the law is that if there has been an appeal against the Draft Valuation List, whether you have carried out any amendments or you haven't carried out any amendments to the Draft List as a result of the appeal, you are required by law to write to me serving on me notice of the fact that the objections have been considered and rejected and that the List has been confirmed". You haven't done that so

you haven't complied with the Ordinance. The Hon Member didn't write back to me and then the matter was referred to the Hon and Learned Attorney-General who wrote to me and said that he had had the matter referred to him and would I please address future correspondence on this subject to him. I then wrote to him and said: "I hope you will give me an answer before the 28th February", because as one last resort I could go back to the suggestion made by Mr Canepa in answer to Question No.86 which was that if I was not able to challenge the formula as a whole, I would be able to make a test case of one individual property. That was the other choice and I had known that since October, I was told that in the House in October. And what do I find, Mr Speaker? That on the 1st March the Hon and Learned Attorney-General writes to me saying that he had ruled that the basis of my objection is not valid because it should be done on the basis of one individual property which was something I had already been told in October and then the Hon Financial and Development Secretary writes back to me and says the same thing. No mention at all about the nature of the argument put in the letter, the argument I put in the House of Assembly in October and the argument I put to him in December about my reservations as to whether they were complying with the law in using a formula with a one-sixth arbitrary deduction, all those arguments, no answer at all. I think that is, quite frankly, totally unacceptable. If it is suggested to me that I should write, if I write according to what the law provides, if I don't get any answers and then I get an answer on the day that my right to appeal using one specific property as a test case expires, I think that it has been a deliberate attempt on the part of Government to delay giving me an answer because, after all, the Hon Member could have written back to me on the 14th December and said: "I am sorry, I am returning your objection because your objection is inadmissible. You are objecting on the grounds that the formula is incorrect and the provisions of the Public Health Ordinance allow you to write to me for one specific hereditament and I am sorry, your letter is inadmissible, you can have it back". He could have said that to me on the 14th December and then I would have known where I stood. He didn't do that. Is the Government telling me that the Financial and Development Secretary who is the officer under the Public Health Ordinance responsible for dealing with objections didn't know until March that I couldn't do what I did in December and that it took him until March to find out? I don't see how that can be the case when it was said in October in this House of Assembly. In the supplementaries the Hon Mr Canepa said: "I do not know", in answer to my question: "I am asking about how one can contest whether the formula that is being used conforms with the requirements of the Ordinance". "I do not know" said Mr Canepa, "I know what steps an individual can take in order to contest the rateable value of his

property if he feels aggrieved. If he is successful, if that is a test case and he is successful then that is generally applied but how the whole formula can be generally challenged I wouldn't be sure". Well, then all the Financial Secretary had to tell me in December was: "I am sorry you cannot do it this way. I cannot accept your objection because your objection cannot be done that way", and I have no reason to suppose it couldn't be done that way because I was told that the Government wasn't sure and I tested it and as far as I knew the thing was accepted and admitted. Even if the Government had been right in saying that my objection was inadmissible on the grounds that I was making it on behalf of all dwelling houses in Gibraltar because, after all, I am making a political point, Mr Speaker, it isn't that I am objecting to my own rates, I am making a political point having raised it first in the House of Assembly. If it is, in fact, the case that the Government says that I cannot use the machinery of the Ordinance to make that point on behalf of all dwelling houses in Gibraltar, they could still have answered the point, they could still have said: "We cannot pursue your objection under Section 313 of the Public Health Ordinance but in fact we don't agree with you because we don't agree that the formula requires that one should try and establish what the rents would be if the tenants paid for the repairs. We think that the one-sixth is OK", although I would have thought myself that the law doesn't provide a figure, the law doesn't say: "You shall deduct one-sixth in respect of repairs and maintenance". Therefore, the one-sixth seems to be an arbitrary thing and some enquiries that I have made from people who were there in the old City Council days tell me that when the one-sixth was done, in fact, the one-sixth did represent what was spent on Council properties in repairs. Clearly, a lot of things seem to have functioned better under the City Council than they have ever done since because I think if the Government was able to maintain Government property with one-sixth of the rental income then they wouldn't have three-quarters of the problems that they have in balancing the Housing Special Fund. I think in bringing the matter to the House I am saying that there is a sequence of events here which, quite frankly, is totally unacceptable from the point of view of us trying to do our job conscientiously. We are not doing these things just to be awkward or to create work for the Hon Financial and Development Secretary or the Hon and Learned Attorney-General. It may create work for them but it gives us work and it gives us work because we feel that if there are things which we raise which we consider are not right then we consider that we are being employed by the people of Gibraltar to look after their interests, particularly in seeking satisfaction on points where we consider that the Government is making a mistake, we are prepared to pursue that point to the end and at the end of the day if the Government comes back and proves that we are mistaken, well, fine. The Hon and

Learned Chief Minister has said in the course of this House, Mr Speaker, in changing the date on the Income Tax (Amendment) Ordinance that there is nothing wrong with coming along and admitting a mistake and accepting a correction when somebody in the Opposition notices something and that is the essence of parliamentary democracy and I believe that that is true and I have always advocated in this House ever since I arrived that one should be concerned in the House of Assembly to exploit its smallness by being less inhibited about changing our mind as a result of debate in the Chamber than they can be in the House of Commons or in big Parliaments. I think if we all come here with our minds made up then all the arguments we put are sterile arguments because we come out the way we came in and we are just talking for the sake of listening to our own voices. I think the essence of Parliament is precisely that by listening to arguments we should be able to influence events or influence each others attitudes or ideas and I think that does happen in the Gibraltar House of Assembly and I think it is a very good thing that it does and I believe that it has happened on a number of occasions in the last twelve months. We are glad that on a number of occasions, beginning with the budget and the Government's reconsideration, for example, of the question of reducing the pension increase. The Government took into account the arguments we had put and they came back the next day and they said they were going to do something different. If we were then to say: "The Government is wrong, we have beaten the Government", then what we are saying to them is: "Never listen to our arguments again". I don't think it is a question of who comes out on top but a question of reasoned arguments either having to be accepted or having to be defeated by counter-arguments, by somebody saying to us: "You are wrong because of a, b and c" but not simply not answering any letter and then telling me in March what I had already been told in October when it is too late to do anything about it and that is completely unacceptable, Mr Speaker, and I really think the attitude of the Government is completely reprehensible in this matter and I have no hope of getting them to vote in favour on a motion of censure, obviously.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the Hon Leader of the Opposition for several things which he said during his speech and I think the most important point, as I see it, is his admission that he has been making a political point and the second one is that he knew in October that the testing of an individual case was likely to lead to the result which, in fact, it did lead to but if I can just elaborate on that. I think the difficulty

which we have had, the Government and I might say the officialdom have had with the particular route which he chose is that by choosing that route he has made both himself and me as the Financial and Development Secretary the prisoners of the law and of the procedure which is laid down by law which, obviously, I am obliged to follow and to the best of my ability I did follow. The Draft Valuation List was, of course, published on the 15th November and the Hon Member wrote to me formally on the 14th December. I think it is common ground that we both understand the legislation and the force of the notice which is that any person who is aggrieved by the inclusion of any hereditament or by any value ascribed in the Draft List to a hereditament or anything appertaining to a hereditament a building, a portion of a building and so on, I am abbreviating slightly, may serve notice of objection within thirty days so far as it relates to that hereditament.

HON J BOSSANO:

If the Hon Member will give way, because he has quoted the part that I didn't quote which is the part that deals with individuals and it says: "Or by any other statement made or omitted to be made in the Draft List with respect to a hereditament, or". I wrote to him saying: "I am making it in respect of all hereditaments".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Perhaps I could go on to say, Mr Speaker, that that is the source of the difficulty with the procedure which the Hon Gentleman has followed. He said it in his letter, he made it quite clear: "that I am raising this in respect of all hereditaments". The law, as it stands and, indeed, the draft notice which was issued under the provisions of the Public Health Ordinance, states quite specifically that the alleged grievance is in respect of a hereditament, a particular, it is quite specific so the objection must refer to that hereditament. If the Hon Member had objected to the value ascribed to a hereditament or to one occupied by himself or by an Hon Friend, then the responsibilities of the Financial Secretary are quite clear. They are dictated by the law and the procedure laid down by law. Either I would have made an alteration to the Draft List or I would not have made an alteration to the Draft List as part of the process of revision, a process which is also described in the Ordinance, the process between the formulation of a Draft List and then a revised List in the light of any objections which may be raised and which are entertained and withheld and incorporated by the Financial Secretary and the Valuation Officer in the approved List. There is a further subsection, subsection (3) of Section 314 which says: "Where notice of objection has been served under

Section 313, then, whether or not on the revision any alteration is made in the list for the purpose of meeting the objection, the Financial and Development Secretary shall, on completion of the revision, forthwith serve on the person who made the objection a notice stating whether he has made any and if so what alteration in the list with respect to the hereditament to which the objection relates". The Hon Member, as I have said, did not raise any objection to any particular valuation, he raised an objection in general terms. He wrote to me in general terms about the whole basis of assessment of the annual value and about the allowance for repairs and maintenance that was generally made in arriving at the value of all premises. In other words, by choosing that route he made us both the prisoners of a procedure which was designed for a totally different set of circumstances where an individual considers himself aggrieved by a particular value ascribed to a house in which presumably he is living or in which he has some sort of benefit or is interested in one thing or another. It is not for me to say why the Hon Member chose this particular route rather than another route which he might have taken because he did of course raise this in discussions with the Hon Mr Canepa during the debate in the House and when the Hon Mr Canepa could not provide him with all the information which the Hon Member wanted at that particular time, the Hon Mr Canepa said, with his customary modesty, how the whole basis of the formula can be generally challenged: "I wouldn't be sure" and then with courtesy he said: "I think if the Hon Member cares to pursue the matter outside the House, if he cares to write to me, I will pass it on to the Valuation Officer and perhaps we can get to the bottom of it". It was open to the Hon Member, Mr Speaker, at any time to come and have a discussion about this with any Member of the Government or, indeed, with the Financial Secretary if he so chose. There is no secret about this, it is well understood what the basis of valuation is, it is well understood that there is a 16½ notional deduction in respect of maintenance to arrive at the net annual value and I believe that this practice goes back to 1865, I think, under the old Sanitary Commissioners so it is a long established practice. If the Hon Member had felt that the basis of this was insubstantial he could very well have come and discussed it with me. There is no reason at all why this procedure should not have been followed but instead he chose, and he is entitled to choose, Mr Speaker, I would not like the Hon Member to think that I am trying in any way to interfere with his democratic right, he may write to whoever he chooses, but I am merely saying that in this particular circumstance he chose a method which made me as well as himself the prisoners of the procedure which is quite a specific procedure, laid down in the Public Health Ordinance and which I was bound to observe. I appreciate there is an

element of arbitrariness about this and if the Hon Member had come along and said: "I understand that the Government has to raise a certain sum of revenue from rates and that if one were to lower the net annual value one would have to raise the poundage to achieve the same effect in terms of revenue raised" - if he had said something like that - "but there ought to be some basis for this, that we ought to look at the basis for this" then I think, speaking for my colleagues in the Government, I think we would have been prepared to consider this but he chose this particular route and as far as the accusation of discourtesy, well, I did, of course, write to the Hon Member on the 1st March and I will quote from my letter. I started 'Dear Joe', I seem to recall.

HON J BOSSANO:

That is about the only thing in it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I said: "You wrote to me on the 14th December giving notice of an objection to the Draft List. I am advised that your objections to the Draft List is not valid under the provisions of Section 310(3) of the Public Health Ordinance. To be a valid objection it would be necessary for you to be personally and adversely affected or aggrieved by a value ascribed to a particular hereditament in the Draft Valuation List. It is clear, however, from the terms of your letter that your objection was in general terms and does not relate to any particular hereditament in which your interest might be considered to have been adversely affected. Yours ever, Brian". That was a very courteous way of writing, I am sure you would agree, Mr Speaker. I do not think that the Government can be accused of any discourtesy in its response to the Hon Member but I do believe that in choosing the particular route which he chose, perhaps for political reasons, I don't know, sometimes he likes writing to me, he certainly asks a lot of questions about arithmetic and GSL shares and such matters, but in choosing that particular route I think he made it difficult for both himself and ourselves to provide him with the sort of information or the sort of discussion which, I think, in political terms, he probably wanted.

HON J E PILCHER:

Mr Speaker, I would just like to make a few points and try to logically follow what the Hon Member opposite has said. I think he has pre-empted and I think the only, as he likes to be known, the only non-politician with the Hon and Learned Member beside him, in the House of Assembly, he has

taken a decision that the letter sent by the Hon Leader of the Opposition has political undertones. He decided that the GSLP had written in this way in order to score a political point and therefore from the 14th December he withheld the letter till the 1st March in which time he wrote to us saying that this was not the way that this should have been followed through. Did it not occur to the Financial and Development Secretary to write to us or phone us on the 15th December and say: "This is not the way it can be done", and then perhaps if we had not taken that into account, perhaps today it would be a valid point to say: "I told you so, you did not want to do it, therefore there is no other option but to suspect that you were trying to score a political point".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Is what the Hon Member saying, Mr Speaker, an admission that in fact writing to the Financial Secretary in this way was a political manoeuvre rather than a valid objection?

HON J E PILCHER:

I think, Mr Speaker, nobody else in the House and I take it in the public gallery has understood that.

MR SPEAKER:

I think the Hon Financial and Development Secretary said that the Hon Leader of the Opposition might have chosen to proceed in this particular way for political reasons, in other words, to object on a general basis and in respect of a particular hereditament.

HON J E PILCHER:

Of course, when the Leader of the Opposition writes in he writes on a political basis that is why he is the Leader of the Opposition. If the Hon Member thought that that was not the way that it should have been handled politically then he had two options, he should have written back to us as the Financial and Development Secretary or he should have got in touch with his boss, the Hon and Learned Chief Minister, who is the political head of the Government to have got in touch with the GSLP on the political side and then we would have been able to agree to something which would have solved this problem long before it got to this stage because he wrote to us, Mr Speaker, on the 1st March, 1985, the date that we could no longer appeal against the List because it had expired so we could no longer even do it on a personal basis. The Hon Leader of the Opposition could not say: "We will

use the Hon Mr Baldachino's house as an example", we could no longer do that because he didn't give us the option because he wrote to us on the 1st March. I cannot accept that it took four months for somebody to advise the Hon Financial and Development Secretary that this was not the way that we could do it and if he thought it was a political point he should have been logical enough to assume that if he thought it was political capital that we were trying to gain on this one, he should have passed the point on to the politicians. As he rightfully says he himself is not a politician although he likes to play at politics many a time, Mr Speaker.

HON A J CANEPA:

Mr Speaker, I think it is necessary for me to make one or two statements of personal clarification about my lack of involvement in this matter. I answered Question No. 86 of 1984 in October, 1984, and there my involvement started and finished. It is clear from what has been said in the House this evening that that question should not have been put down for me to answer, I think it should have been answered by the Financial and Development Secretary but it was put down to me, I answered it and that is now a matter of history and so much water under the bridge. The Hon the Leader of the Opposition then perceived that I wasn't the person, nor the Valuation Officer the official, that he should be pursuing the matter with and therefore by looking in the law he did the right thing, namely, he followed the matter up by writing in December to the Financial and Development Secretary. Perhaps I was owed the courtesy of a copy of that letter having regard to the fact that, unfortunately, I answered the question in October and then I might at least have been kept in the picture but I want to make it abundantly clear that between October, 1984, and the end of February, 1985, I had no sight of any letters, of any exchange of correspondence, and no knowledge whatsoever of what was going on. Yet you now have the paradox that there is a motion of censure against the Government and a motion of censure against the Government under the Constitution, I am sure you will rule, Mr Speaker, is a political matter and it is for the politicians, for the Ministers in this House to vote on this motion of censure on a matter on which the involvement of politicians began and terminated with my intervention in the House in answer to Question No. 86 in October, 1984. It is a strange state of affairs, Mr Speaker, to say the least.

HON ATTORNEY-GENERAL:

Mr Speaker, I wonder if I could just clarify one or two matters. The notice of the publication of the Draft Valuation

List was given on the 15th November, 1984, and that invited objections of anybody who wished to make an objection in respect of a particular hereditament. Mr Speaker, when the objections are received the Financial and Development Secretary can either take note of the objections and revise the List or he can reject the objections but another thing which the Financial and Development Secretary has to do is then publish the Valuation List either as amended by him or as not amended by him and that was done on the 31st January in Government Notice No. 65, so the notice was given on the 31st January that the Valuation List had been published and paragraph 2 of the Government Notice says, and this is in accordance with the provisions of the Public Health Ordinance: "Any person who is aggrieved by the inclusion of any hereditament in the Valuation List or by any value ascribed in the Valuation List to a hereditament or by any statement made or omitted to be made in the Valuation List with respect to a hereditament, or in the case of a building or portion of a building occupied in part by the Valuation in the List of that building or portion of a building as a single hereditament, may at any time before the expiration of thirty days from the date of the publication of this notice in the Gibraltar Gazette, appeal to the Court of First Instance against the Valuation List so far as it relates to that hereditament". The Hon Leader of the Opposition, Mr Speaker, had an opportunity, if he had inspected the Valuation List after seeing the Government notice on the 31st January, he would have seen that the Financial and Development Secretary hadn't paid any attention to his objection.

HON J BOSSANO:

Mr Speaker, I really must ask the Hon Attorney-General to give way.

MR SPEAKER:

Order, you have got the right of reply.

HON ATTORNEY-GENERAL:

If I could just finish, I won't be very much longer.

HON J BOSSANO:

If I had seen that, Mr Speaker.....

MR SPEAKER:

Are you giving way?

HON ATTORNEY-GENERAL:

No.

MR SPEAKER:

I am afraid there is nothing I can do.

HON J BOSSANO:

Then he doesn't want to give way because he knows I am right.

MR SPEAKER:

Order.

HON ATTORNEY-GENERAL:

He must have realised when he had inspected the Valuation List that the Financial and Development Secretary hadn't taken any notice of his objections and he had one month from the 31st January to go to the Court of First Instance.

HON J BOSSANO:

Will the Hon Member answer me one question?

HON ATTORNEY-GENERAL:

There wasn't a question of deliberately holding back to the 1st March.

HON J BOSSANO:

The Hon and Learned Attorney-General is misleading the House of Assembly, Mr Speaker.

MR SPEAKER:

Order, will you please sit down. Why do you say he is misleading the House of Assembly?

HON J BOSSANO:

He is misleading the House of Assembly because he is saying that when the Valuation List was published I had a month in which to exercise my right of appeal and I wrote to him asking him would he give me an answer before the 28th February to enable me to exercise that right and he didn't do it. Why doesn't he say that?

HON ATTORNEY-GENERAL

When I wrote to the Hon Member it was to deal with the original objection and we stated in that letter; "You have no grounds of objection, you had no legal grounds and therefore the point raised in your two letters has no relevance".

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. The right of appeal in respect of the confirmed Valuation List published in the second notice was something that clearly I could exercise once I knew what was the answer to my first letter and therefore I wrote to the Attorney-General and I said to him: "I hope you will answer me before the 28th February", which would give me time to exercise my right of appeal and he didn't do it. Of course I had the right of appeal but if I had written to the Hon Member on the 14th December and I still don't know in January whether the thing has been rejected because the basis of the argument was being rejected or had been rejected on a technicality that I cannot do it in respect of all the hereditaments, I hadn't been told that, and I asked him to give me an answer in time to use the other road and he gives me the answer after the other road is closed, then he cannot say I had that opportunity and I didn't exercise it. I brought it to his notice, I gave him the chance to give me an answer in time for me to do it the other way, Mr Speaker. The Hon Financial and Development Secretary refused to give way when I was trying to point out to him that the motion has nothing to do and I said that in my opening remarks, it has nothing to do with whether the rates are too high or too low, it has to do with the way we have been treated by the Government. I can well understand the Hon Mr Canepa being upset if he now finds himself having to assume a matter of responsibility for something he was totally ignorant of but as far as I am concerned, I have told the Government many times, they bear the political responsibility for things that their civil servants do and those civil servants include the Hon Financial and Development Secretary, I am afraid.

HON ATTORNEY-GENERAL:

With great respect, Mr Speaker, on the 31st January it was perfectly obvious to the Hon Leader of the Opposition that the Financial and Development Secretary hadn't paid any attention whatsoever to his objections.

HON J BOSSANO:

He never answered me.

HON ATTORNEY-GENERAL:

You didn't get an answer so it was perfectly obvious that the Financial and Development Secretary had paid no attention whatsoever to the objection so the route was then to go to the Court of First Instance and the Hon Leader of the Opposition could have done that with effect from the 31st January: "The Financial and Development Secretary has ignored me, he hasn't even paid any attention to me, I am now going to the Court", and that right was given to the Hon Leader of the Opposition to go to the Court on the 31st January and therefore to say, as it does say, in paragraph (3) of the motion that it was almost a conspiracy by the Financial and Development Secretary and the Attorney-General to deprive him of his right of going to the Court, Mr Speaker, I would say, with respect, is nonsense.

MR SPEAKER:

I don't think it has been suggested that he was deprived of his right of going to the Court, with respect. What has been said by the Opposition is that they were deprived from following the correct route because they were not informed that their first objection was wrong, that is what has been said.

HON ATTORNEY-GENERAL:

They followed the legal route, of course, the route laid down in the Public Health Ordinance which, as my colleague, the Hon Financial and Development Secretary said, ties everybody's hands. It is the implication in paragraph (3) of the motion, Mr Speaker: "Notes that the Government did not reply until the 1st March, the day on which the right of appeal against the Valuation List for 1985/86 expired". That doesn't seem to me a fair matter when you consider that on the 31st January he had a right to go straight to the Court and say: "I am not taking any further notice of the Financial and Development Secretary, I don't even care about the Financial and Development Secretary, I can go to law".

HON M A FEETHAM:

Will the Hon Member give way to one question? We are talking about the reply from the Financial Secretary on the 1st March. On what date did you reply to the Hon Leader of the Opposition's letter to you?

HON ATTORNEY-GENERAL:

On the 1st March. I had written on the 22nd February to the

Financial and Development Secretary and I wrote to the Hon Leader of the Opposition on the 1st March.

MR SPEAKER:

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

HON J BOSSANO:

Mr Speaker, the Government clearly is totally incapable of defending the way they have handled this matter. I followed the advice I obtained from the Minister for Economic Development who clearly simply had the question put in front of him and the answer put in front of him from what he has said here today and I only challenged my letter to the Financial Secretary because I looked in the Ordinance as I have explained. The Financial Secretary rather than ignore me as he apparently decided to do, could quite easily have written back to me acknowledging my letter on the 14th December and say: "I cannot admit this as a formal objection because it has to be for one specific hereditament". I had no way of deducing that on the 31st January because I didn't know whether the non-amendment of the Valuation List was on the grounds that my objection had not been admitted because I had not been told that or on the grounds that my argument had not been accepted. Either of those two possibilities would have produced the situation that the Hon and Learned Attorney-General is saying and I would have looked very stupid if I had gone along to the Court of First Instance to appeal using an argument that had already been considered and rejected so before I took a decision I need to know whether my argument had been considered and rejected in which case there would have been no point in using the appeal machinery or else whether my argument had not been admitted at all which is what I was told after the date of appeal was over and what the Financial Secretary was told by the Attorney-General after he had refused to consider my letter. The Hon and Learned Attorney-General has revealed today in the House of Assembly by his own exposition and so has the Financial and Development Secretary. The Financial Secretary has read a letter addressed to me in March saying: "I am advised that your letter of the 14th December is not a valid objection". If he was advised in March how did he ignore it in December before he had the advice? He ignored it first, Mr Speaker, and was advised subsequently, yes, by his own admission. The Hon and Learned Attorney-General wrote to me saying: "The matter was referred to my Chambers on the 31st January". On the 31st January the final List was published so the final List was published and my letter ignored before it was referred to the Attorney-General's

Chambers. I have had a letter from him saying that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not quite sure what the Hon Member means by 'ignored before it was referred?

HON J BOSSANO:

If the Hon Financial Secretary did not admit my letter to him as a valid objection under the provisions of the Public Health Ordinance, then what was it he referred to the Attorney-General's Chambers on the 31st January? If he had already decided in December that it wasn't admissible what was it that he was referring to the Attorney-General's Chambers on the 31st January because if he had had the advice on the 31st January from the Attorney-General saying it was an admissible objection, there was nothing he could do about it, he had already ignored it the previous December. He decided first himself: "I don't have to pay any attention to this letter from the Leader of the Opposition because this is not a valid objection because it is not in respect of one hereditament", he doesn't tell me anything, he doesn't acknowledge receipt of my letter, I hear nothing from him and I wait and I wait until the 31st January and on the 31st January he seeks the advice of the Hon and Learned Attorney-General, on what did he seek the advice? It must have been on whether my objection of the 14th December was permissible or not permissible which means that he had decided first not to take notice of it and subsequently sought advise about whether he was right so he couldn't have been so sure about it himself if he needed to refer it to the Attorney-General. And the Attorney-General who is the expert to whom I addressed now to look in the Ordinance where I am supposed to see that it is perfectly clear, he takes from the 31st January to the 1st March to make up his mind whether my letter of the 14th December is an admissible objection or not because he doesn't tell me the answer until the 1st March. How can we have experts on the Government benches who are supposed to know all these things and I am a layman, Mr Speaker, I am not a lawyer, obviously a versatile layman but a layman nonetheless, and my reading of the law was that I could do it and I thought, well, if I cannot I will be told and I have got the time to do something else about it and I can only come to the conclusion, Mr Speaker, that, quite frankly, the Government's handling of this matter through their officials, obviously, who have been dealing with it is totally inadmissible, it makes a nonsense of the conscientious manner in which we tackle our responsibilities in the House and I really think it is quite shameful that they have not been able to come up with one single

reasonable argument and they still haven't answered why no attempt was made to produce an argument to the letter. Even if the letter didn't meet the requirements of the Public Health Ordinance there was nothing to stop the Hon Financial and Development Secretary saying: "I cannot consider it to be a proper objection but, in any case, I have looked at your argument and we don't think that your arguments would make sense even if they were in respect of one hereditament". That point still has not been answered. If, in fact, the point is valid in respect of one hereditament then I think the case for the delay until the 1st March is overwhelmingly clear and I stand by the motion, Mr Speaker.

Mr Speaker then put the question and ruled that the motion was a motion of no confidence in the Government and consequently the ex-officio Members of the House were precluded from voting in accordance with the proviso to Section 44(1) of the Gibraltar Constitution Order, 1969.

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 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 Member was absent from the Chamber:

The Hon A J Canepa

There being an equality of votes the motion was lost.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that this House do adjourn to the 23rd April when we will be taking the Estimates.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Tuesday 23rd April, 1985, at 10.30 am.

The adjournment of the House to Tuesday the 23rd April, 1985, at 10.30 am was taken at 8.15 pm on Wednesday the 27th March, 1985.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26 MARCH, 1985

VOL II - BUDGET

TUESDAY THE 23RD APRIL, 1985

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, LVO, 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 & 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.

DOCUMENTS LAID

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

The October 1984 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 1985/86

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 1985/86 Appropriation Ordinance, 1985.

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

THE APPROPRIATION (1985/86) ORDINANCE, 1985

HON FINANCIAL AND DEVELOPMENT SECRETARY

Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £55,673,015 to the service of the year ending with the 31st day of March, 1986, 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, 1985.

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, 1985

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 Licensing and Fees Ordinance (Chapter 90), the Public Health Ordinance (Chapter 131), the Stamp Duties Ordinance (Chapter 147), the Companies (Taxation and Concessions) Ordinance, 1983 (Ordinance No. 13 of 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 introducing the Government's Budget last year, I began by giving a retrospective account of events which had affected Gibraltar's Development in recent years and which had contributed to the serious position of the economy while at the same time posing a threat to the financial position of the Government. I laid emphasis on the problems which had arisen because of the economic relationship between Gibraltar and Britain, and its dependency on defence spending in particular. I made the point that the Gibraltar economy was not greatly influenced by year-to-year changes in the world or UK economies. This is not to say that the economy has at any time been entirely free from the effects of underlying external economic pressures, which can range from the wider consequences of changes in patterns of world trade or movements in oil prices, or for that matter, trends in UK wage levels and interest rates. But because of the distortions of what had been for some time a siege economy, Gibraltar was highly vulnerable to the decisions taken in the UK to close the Naval Dockyard and to reduce defence spending which had largely underpinned the economy for a great many years.

I do not propose to go into great detail on changes in the world economy during the past year, but it is worth mentioning, if only by contrast with conditions prevailing throughout most of the year in Gibraltar, that 1984 was a better year for the world economy than had been forecast, GDP in the OECD countries was up by 4½% to 5%, and the volume of world trade increased by 9%. Both these increases were the largest for the last 8

years. UK growth on the other hand was only 2%, well below the average, and a large part of the explanation for this lies with the effects of the miners' strike; this is thought to have cost the UK about 1½% in terms of loss of National output.

The motor of the world economy last year was without doubt the United States and, especially, the US Budget Deficit. Imports of goods and services by the United States, encouraged by the fall in the value of other currencies relative to the dollar, increased by no less than 27% and thus provided a substantial boost for the economies of other OECD countries and for the developing countries as well. For those of us with memories of the 1940s and 1950s a strong dollar, low inflation, a US consumer economy in a dominant position in the world may seem quite like old times. But the world economy has changed, and, more important still, the world monetary system has changed since the 1950s. The mounting US Budget Deficit - \$100 billion annually - has been financed by money attracted to the US by interest rates which are higher in real terms than at any time since the 1930s. It is not the first time by any means that the US has run a large Budget Deficit. In the 1960s, that great exponent of Colbertian mercantilism, General DeGaulle, used to complain that the United States exported inflation through the medium of Euro-Dollars. Amongst the many differences between now and the earlier era of dollar imperialism one stands out: There has been very little US investment abroad. Indeed, the United States is on the verge of becoming a debtor nation, a trend which is thought by many to carry within it the seeds of further and possibly profound change.

High US interest rates have necessarily meant that interest rates elsewhere have been maintained at comparably high levels, to the dismay of the British Government for whom the reduction in interest rates has been an aim of domestic policy. However the scope for unilateral action against the tide of world monetary movement on the part of any one Government is today severely limited. The recent concerted efforts by the Central Banks of Britain, France, Germany and Japan to halt the rise in the dollar was perhaps less significant per se - the dollar continued for a time to rise thereafter - than in the signal given to the money markets. Overall the combination of high interest rates and over priced dollar was good for the world economy. The former enabled the US to finance its massive trade deficit. And but for the high US demand for imports there would have been serious consequences for the weaker economies amongst which must be included the UK. But the situation was one of precarious equilibrium. The recent rise in the £ against the dollar does not reflect any great strength on the part of the £ or the UK economy but rather the fact that international money has to find a haven and is

constantly on the move.

In Gibraltar the effect of these developments has been felt most directly on oil prices, mainly because of the rising dollar but also because of the high UK demand for fuel oil during the miners' strike, which has pushed up spot prices; and on the level of interest rates generally. Although high interest rates have increased Government's debt charges, and made things difficult for borrowers, this has been good for those with funds to invest and for the Financial Sector generally.

Looking more closely at the Gibraltar economy itself, the House will no doubt recall that I said, twelve months ago, that the situation was a serious one and the continuation of the economic contraction for the major part of the financial year just ended is confirmed by the main economic and financial indices. The latest GNP estimates reveal a fall of around 5%, in real terms, in national income between 1982 and 1984. The drop was mainly accounted for by falling real export earnings in the form of reducing MOD wage expenditures, tourism and shipping receipts. This was exacerbated by the leakage of Gibraltar expenditures into Spain, and was also accompanied by a rise in personal savings and relatively lower levels of domestic capital investment. It is important, Mr Speaker, to take this analysis further because, in large measure, it also helps to explain the deterioration in the Government's own financial position.

For the first time since 1971, the April 1984 Employment Survey revealed a fall in the overall level of employment of around 4%. By then, the Dockyard rundown was beginning to bite with over 200 voluntary redundancies. Both the hotel and wholesale trade sectors shed some 130 full-time employees. The construction industry was virtually at a standstill. The ex-post analysis of Naval Dockyard closure shows a reduction in numbers employed between 1981 and 1984 of some 920. In addition, the departure of the Refit Group represented a loss of over 100 Naval Servicemen. As anticipated, the unemployment position worsened, reaching a peak of some 600 persons by September 1984.

The rate of inflation, which had stabilised below 6% throughout 1983 and the first quarter of 1984, edged upwards to 7.7% by January 1985. It has now levelled at around 7.6% this month but is expected to fall to around 6% by July this year. At the same time, average earnings for adult males increased by around 4% for the weekly-paid and by 6% for those monthly-paid, reflecting the 5% 1984 Pay Awards. The differential between the Official Sector (£132) and the Private Sector

(£114) remains, but has narrowed slightly. The effect of all this, in terms of household disposable incomes, is a drop in real 'Take-Home' pay of around 6%. The impact of fiscal drag is particularly evident.

As regards trade, imports (excluding petroleum products) rose by 2.4% (7% inclusive of fuel) reflecting the net impact of the shift in expenditure into Spain (mainly the continuing drop in food imports) and the heavy import content of new investment in the Commercial Dockyard (notably plant, machinery, steel and materials), for 1984 as a whole import duty receipts remained more or less at their targetted stagnant levels. Sales figures for most trade sectors were up by around 3% overall which means that they were marginally down in real terms, a continuation of the trend of earlier years.

Savings continued to rise sharply. Time and savings deposits increased by over 20%. As in 1983, this reflected the fall in domestic consumption and continuing uncertainty about the economic situation. Credit tightened, with total bank loans and advances down by 19%.

The Tourist Industry had another bad year. Arrivals by air and sea fell by 8%. The number of visitors arriving across the land frontier was just under 500,000, a drop of 26% compared to 1983. Hotels continued to fare badly, despite the marginal increase in tourist arrivals (+ 3%) and slightly higher occupancy rates of 31%. The most depressing news was that tourist expenditure fell from £13.4m in 1983 to £11.7m in 1984. The only sub-sector showing some buoyancy was the cruise-ship market (up from £0.8m to £1m). Expenditure by excursionists from Morocco fell to a record low (from £0.74m to £0.23m), reflecting largely the travel restrictions imposed on those leaving Morocco.

Activity at the commercial port continued to decline. The number of ships calling fell (from 2200 to just under 2100). There was also a drop in tonnage. Ships calling for bunkers levelled out at the 1983 figure of some 250.

Mr Speaker, it would, I think, be far from fanciful to say that, for the past 20 years, Gibraltar has been suffering from the consequences of one of the many sieges which it has experienced during its long history. I state that as an economic rather than a political fact because the last siege has been waged, if that is the right word, with economic rather than military weapons, and the issue has been in large part one of survival for the Gibraltar economy.

During the past few years especially the pressures on Government finances have been intense and the Estimates of Government Revenue and Expenditure including those now before the House reflect that situation. The Government has had to maintain essential services and in some cases increase expenditure in order to meet the consequences of the economic difficulties against a background of a sustained contraction in the revenue base. Government expenditure inclusive of contributions to the Funded Services increased during the period 1980-1984 by over 50 per cent. But the yield from direct taxation, which is the major source of revenue, rose by no more than 20 per cent. The yield from indirect taxation for 1984-85 is no higher than the yield in 1980-81.

The consequences of this, as I explained in my speech to the House on the Second Reading of the Loans Empowering Ordinance last December, is that the Government has been obliged to borrow for the first time in its history to meet deficits on current expenditure and to maintain reserves in the Consolidated Fund at a level consistent with adequate liquidity.

The Government's own financial problems have been a reflection of those in the community generally. A great deal of publicity has been given recently to the question of debts for municipal services. I think it is important to keep this matter in perspective. The action which has been taken recently, in writing off about £200,000 of bad debt which has been judged irrecoverable is, essentially, a good house-keeping measure. Every organisation has its bad debts and £200,000 - bearing in mind that about half of this relates to a period up to 1980 - is not excessive relative to the size of the annual issue of bills for all municipal services over a period of four or five years. The problem of the arrears, as I mentioned in the House during the debate on the Principal Auditor's Report, is really one of a long tail of slow payment. The very circumstances which have made it increasingly important for the Government to secure prompt payment of debt are precisely those circumstances which have made it more difficult for domestic and commercial consumers alike to meet their commitments. Nevertheless it is important to maintain financial discipline in the collection of arrears. Nor is it possible in a small community to afford privileges to one group, however worthy, without eroding that discipline. The Government will continue to give priority to this matter.

I should also point out, Mr Speaker, that the subsidies to the municipal services, electricity, water, housing in particular, have been maintained at a high level during the years of economic difficulty. This statement may come as a surprise to those who have had to suffer increases in the cost of

electricity and water charges and increases in rents. Nevertheless the fact is that contributions from the Consolidated Fund to these services have been of the order of £2m or so per annum for the past few years. Commercial and domestic consumers and Government tenants have not been made to pay the full economic price for those services. The price is high because the cost of providing the services is high and the reasons for this are sufficiently well known for me not to need to elaborate on them further. My point is simply that the effect has been further to erode the Government's financial position and to increase the drain on the reserves.

So much, Mr Speaker, by way of analysis and reflection on the prevailing economic gloom of recent years. The economy has been sliding along on its bottom. The future, as a result of the full opening of the Frontier in February and the beginning of commercial operations by Gibrepair in January, already looks more promising.

First, the Commercial Dockyard. Gibraltar Shiprepair Limited currently employs around 600 employees. Of these some 450 are Gibraltarians and approximately 400 were previously employed by the Ministry of Defence. The company expects to build up to around 850 employees by the middle of the year, increasing to over 1000 by mid-1986. There are indications that the Commercial Yard faces a labour supply constraint - already, some labour has had to be sub-contracted from the UK. This of course reflects the structural nature of the employment problem created by the conversion from Naval to Commercial Shiprepair work. Nearly £11m had been spent by the end of February this year. Some £4m relates to expenditure on major capital equipment and supply items. Almost £3m has been spent on the main civil works contract (No.1 Dock) and re-location/refurbishment works generally. The balance is largely taken up by expenditure on the construction of the Yard's slop barge, training expenses, stocks and working capital. All in all, this amounts to a significant input towards the development of the economy's traditionally most important sector. Prospects for the Yard are encouraging, particularly in terms of productivity and commercial sales. It is important for Gibrepair to establish a good record in its early days because of the importance of the performance of the Commercial Shipyard to the future progress of the economy.

The future course of the economy will also depend, increasingly, on adjustment to the changes brought about by the full opening of the Frontier. The signs are that Gibraltar will see a very large influx of visitors this year. The figures to mid-April show daily averages of just under 7000 visitors, 540 foreign cars and 23 coaches crossing into Gibraltar.

A comparison between January, February and March figures for tourist arrivals reveals a dramatic improvement. In January the number of tourist arrivals at the Frontier was 40,000, for February the figure was 140,000 and for March the figure was 190,000. There was a significant increase in the number of arrivals at hotels, from 1,000 in January to 2,600 in February and nearly 5,000 in March, double the March figure for 1984. Arrivals by air are well up on previous figures. Nevertheless the pattern so far is very much one of an increase in daily visitors from Spain and time will tell whether this pattern continues or intensifies during the summer. It is impossible to say what has been the actual increase in tourist expenditure so far but the indications are that it will be double the 1984 figure.

The increase in retail sales has also been significant, although it is important to bear in mind that the increases registered during the past few months were from a baseline which had been declining for some considerable time. Already in December 1984 and January of this year there were signs of an upturn in all major trade sectors. In addition to the expectation of an open frontier, and an increase in visitors, the extra purchasing power of the redundancy payments to former Naval Dockyard workers will have contributed to this. Taking the figures for the first quarter of 1985 compared with the first quarter of 1984 the increase in sales volume for all sectors is of the order of 20% overall and all sectors of trade have enjoyed a substantial improvement.

The impact of these changes in economic conditions is already beginning to work its way through into employment and vacancies. I mentioned earlier that unemployment peaked at a figure of 600 in September 1984. Since then it has declined to a figure of 436 in March and the number of young people unemployed has been reduced to a quarter of the figure it then was. Mr Speaker, September 1984 may be regarded as the month in which the Gibraltar economy reached rock bottom. All the economic and financial indices began to turn up thereafter. There was already evidence of re-stocking by the retail trade, the Government's yield from import duty began to improve and the Commercial Dockyard also began to make a noticeable impact on the level of economic activity. Since then the improvement has been maintained. The Government's revenues in 1984-85 were thus rather better than the forecast 12 months ago. The yield from direct taxation was more than £1m higher, reflecting a better than expected employment pattern, and import duties after an alarming dip during the first six months of the year recovered to the level budgetted for the year as a whole.

As a result, and also as a result of the measures which the

Government took to monitor and control Government spending, the Government's overall financial position at the end of the year is rather better than was expected when the budget was presented 12 months ago. The reserves stand at just over £5m compared with the forecast of £3.7m. The Government's net liquidity position is in fact marginally better than it was 12 months ago despite the fall in the balance in the Consolidated Fund from £7.7m to £5m. But this is mainly due to the delay in committing funds earmarked for Improvement and Development Projects and the flow of cash on these projects during the coming year will have a contrary effect on liquidity.

Turning now to Government Estimates for 1985-86, the first point I must make is that, encouraging though the indices for the first few months undoubtedly are, it must be borne in mind that we have as yet very little information on which to base projections for the economy as a whole and projections of Government revenue in particular. The preparation of the Annual Budget is a task which occupies Treasury Staff during the first two or three months of the year and the problem this year has been unusually difficult because of the catalytic effect of the 5th February and the problem of analysing its after-effects so soon after the event.

The Tourist boom can be discerned but at present only impressionistically. Import duties were reduced on a number of frontier-sensitive items immediately prior to 5th February and the indications are that the loss of revenue on cigarettes, spirits and petrol will be more than compensated for by increases in volume. The pattern of retail sales suggest that the figure of £6.0m for import duties may be a conservative forecast; but even allowing for a margin of an additional 10 or 20 per cent, the impact would not be very great in terms of total Government revenue - no more than 1 or 2 per cent. The multiplier effect of increased tourist expenditure will probably be lower than that forecast in the Input/Output Study of 1979. The pattern of expenditures within the economy is changing. The substantial leakage of Gibraltar expenditure into Spain is still continuing and increasing. Most important, a substantial amount of the new expenditure by visitors to Gibraltar is on foodstuffs, a non-dutiable item. The benefits of high private sector employment, profitability and renewed investment will take time to work through into higher Government revenues. The short term effect on the Government's finances will therefore not be substantial, and this is reflected in the Estimates before the House. The position as revealed in the Estimates is to some extent masked by the changes in the prospective Contribution to the Funded Services (about which I shall have more to say later) but overall the Current Deficit for the year is put at just under £3½ million. The erosion of the reserves in

the Consolidated Fund would therefore pose a serious threat to Government liquidity if there were no recourse to borrowing.

I have put the Government's borrowing requirement for the year at £2.0 million. This is not an absolute limit nor an immutable figure. In introducing the Loans Empowering Ordinance to the House I said I foresaw a need for external borrowing within the range of £5m to £10m during the next 2 or 3 years. The figure included in the Estimates lies towards the bottom of that range but it will have to be reviewed in the light of the progress of the economy and the yield from other sources of revenue during the coming year.

These comments lead me naturally to a review of expenditure in the Improvement and Development Fund. As the Estimates reveal only too clearly the remaining balance of financial resources available from a combination of the residue of the £13m Aid Programme agreed with ODA, the yield from debentures and £6m commercial loan raised under the previous Loans Empowering Ordinance, will be exhausted by the end of 1985-86.

A number of consequences flow from that. In the first place, the Government's scope for further spending on new capital projects will be severely curtailed in the absence of fresh sources of finance. Given a better than expected out-turn for the coming year, some small contribution from general revenue towards the Improvement and Development Fund may be possible - and the same would be true if the Government raised rather more than the minimum amount needed from borrowing to protect its liquidity position. But I cannot be confident at present that the Government will have the resources for anything but a small contribution. The forecasts before the House speak for themselves.

That prospect is a serious one, Mr Speaker, because there is a need for continued Capital Expenditure to renew and reface Gibraltar and indeed to rehouse Gibraltarians. I referred earlier to the fact that Gibraltar has emerged from one - let it be hoped the last - of a series of sieges. Although the City was not laid waste as it was at times in the past, it has emerged from this last Great Siege with a legacy of infra-structural decay affecting both public and private sectors, commercial and residential properties and including parts of the former MOD Estate which were handed over to Gibraltar Ship-repair on which a proportion of the £28m will have to be spent.

To improve and develop Gibraltar's amenities will therefore need fresh injections of finance. The Government will be preparing proposals shortly for consideration by HMG on a range of projects which will improve and develop the infrastructure. But sources of private capital will be and are

being encouraged to invest in Gibraltar at the same time. Established businesses, in the light of the new and profitable opportunities created by the opening of the frontier must also look to private sources of finance rather than to the Government to enable them to take full advantage of these opportunities.

I now turn to the Funded Services and the prospects for the year. As regards the Electricity Undertaking there will, in the absence of any increase in basic tariffs, be an increased deficit of just over £1m. The combined effect of the basic tariff increases and the fuel cost adjustments during the year led to some contraction in demand. The Government does not propose any increase in electricity tariffs for this year. As recently announced the next fuel cost adjustment will represent a reduction of about $\frac{1}{2}$ or 5 per cent in the unit price of electricity within the next month or so.

In the case of potable water, the changes in tariffs last year led to a noticeable contraction in demand. However the cost of providing water in future will be substantially lower than in the past. With the construction of the new distillers Gibraltar should become self-sufficient and the price of water will fall in real terms. The small deficit expected in the fund this year will be covered by a budgetary contribution.

As the House will be aware from statements I made during the debates on the Principal Auditor's Report and the Supplementary Appropriation Bill at the last session it has been necessary to make provision for bad debts in all the Municipal Services. However the amounts written off, after further scrutiny of individual accounts - a difficult and time-consuming process - will be rather less in each case than the amounts then envisaged.

For reasons which will become apparent when the Chief Minister makes his contribution to this debate, it is not proposed at present to revise telephone tariffs nor make any budgetary contribution to the Telephone Service Fund. The deficit for 1984/85 which is greater than would have otherwise been the case because of the write-off of some £27,000 of bad debts - the provision was £55,000 - will be carried forward to 1985/86.

The Estimates of the finances of the Housing Fund call for some explanation because of the apparently large increase in the deficit. About £2.2m represents an increase in the interest charged to the Fund in respect of amortization of Housing Expenditure which has been financed by borrowing at commercial rates. I should emphasize that it is only Housing Expenditure financed by commercial borrowing or debentures which is in question here, not expenditure financed by ODA aid. The

Interest Rate used hitherto has been 3 per cent although the JCF Rate and the Government's own borrowing rate has been well in excess of that figure. The amount charged to the Fund has thus been understated for a period of years. The case for charging 3 per cent was that the assets in question would have a residual life. Given that the depreciation period for Housing is 60 years, the adoption of 3 per cent in effect attributes a discounted residual value after 60 years of over 50 per cent at historic cost to the buildings in question. This assumption is increasingly doubtful in the light of what is known about modern housing development generally. Moreover given that it is now firm Government policy to sell properties to sitting tenants, and that a substantial proportion will have been financed by commercial borrowing, it would be even more unrealistic to assume a residual value, after 60 years, or 50 per cent, for properties which have been sold.

It is desirable for the accounts of the Funded Services to bear as close a relationship to the real costs of the Funds as possible. Adopting a JCF rate of interest will go some way towards achieving this in the case of the Housing Fund. The amortization charge shows a steep increase in 1985-86 simply because the under provision in respect of interest charges is to be corrected all at once - and this applies to the backlog of heavy maintenance which has been the subject of questions in the Housing during the year. However, there will be no effect on the Consolidated Fund or the reserves as a result of this charge. The Government does not intend any increase in housing rents in 1985-86. Moreover the effect of the reductions in brackish water rate already announced should be, broadly speaking, to offset the rate increases due this year.

There is one other technical change to be made to the accounting arrangements for the Funded Services. The Electricity Undertaking Fund Regulations (and those for the Water and Electricity Services) provide for all expenditure of a capital nature on the services incurred by the Improvement and Development Fund to be charged to each of the individual services, together with interest, and paid to the Consolidated Fund. Only in the case of the Housing Fund does the Financial and Development Secretary have discretion to determine what should constitute a proper charge on the Fund. The principle underlying is that the Fund should bear the true costs of amortizing the expenditure incurred in each case. It is obviously sound financial policy to provide for this, especially when the Government is borrowing money, either through commercial loans or through ECGD facilities and the assets concerned are depreciating over 10 to 15 years as in the case of most expenditure on the public utilities.

Until recently there was no inconsistency between this Regulation, as it stands, and the general policy, with which the House will be familiar, that, where the finance is provided by ODA, and the capital is free of any financial charge, no annual charge is made on any of the Funds. The reason for this is that, again until recently, and with minor exceptions, ODA finance was used mainly for housing purposes and not for the purposes of improving and developing the electricity, water and telephone services. In the case of the Housing Fund, as indicated above, the Regulations give the Financial Secretary the discretion not to make any charge to the Fund.

But the situation has changed with the construction of the Distillation Plant by SIDEM which is financed by ODA Development Aid. Strictly speaking, the cost of this should be amortized over the life of the assets (15 years) and an annual charge raised against the Potable Water Fund. The cost of this would be high, especially in the first year of charge. To comply with the Regulations as they stand, we should begin to make a charge on the Fund in 1985/86, and the charge in this year would be up by £1.7m. In the absence of proposals to increase water charges, this would increase the contribution to the Potable Water Fund by that amount in 1985/86. Moreover, the No. 3 Engine at Waterport also to be funded by ODA Aid would likewise be charged to the Electricity Fund commencing not later than 12 months after the Fund received revenues from its operations.

It is still Government policy not to make any charge to the Funds where the capital is provided free. This is not inconsistent with the well established theories about the 'Opportunity Cost' of capital. Where the capital is provided free of any financial charge as is the case with ODA Development Aid, the opportunity cost is in effect nil because the capital is free and cannot in any event be regarded as available for other purposes. No change in financial policy is proposed therefore, but it will be necessary for a small amendment to be made to the various Regulations to provide for the Financial Secretary to exercise the same discretion as in the case of the Housing Fund to determine what constitutes a proper charge on the Funds for the three municipal utilities.

A further technical amendment will affect the status of the Valuation List for rating purposes. Hon Members will recall a recent motion tabled by the Leader of the Opposition which raised the question of the percentage deducted from the Gross Annual Value of a property to take account of repairs and insurance in arriving at the Net Annual Value of a property for rating purposes.

The deductions made by successive Valuation Officers since the rating system was introduced in Gibraltar in the middle of the last century have been based on a notional figure as opposed to actual outgoings. This follows UK practice. The UK however specifies these notional deductions by statute and it is proposed to adopt a similar practice here and give statutory effect to the present notional charges. These are as follows:

- (1) Residential Hereditaments exceeding £40 per annum
Gross Value - 16 $\frac{3}{4}$ %
- (2) Residential Hereditaments not exceeding £40 per annum Gross Value and all Communal Service Tenements - 20%
- (3) Non-Residential Hereditaments - 16 $\frac{3}{4}$ %

This amendment does not imply any increase in net annual values nor in rates.

I now turn to the main sources of Government Revenue.

It is not proposed to make any reductions in income tax rates or to increase personal allowances this year. The case, on general grounds, having regard to the effect of fiscal drag on earnings during the past few years, is obvious. The constraints, having regard to the seriousness of the Government's financial situation and the borrowing requirement are equally obvious. It would not be prudent at this juncture to reduce direct taxation.

The Finance Bill introduces two minor amendments to the Income Tax Ordinance. One amendment provides for the exemption from tax of salaries and wages paid in lieu of notice when such payments are the only form of compensation paid to employees who are made redundant.

Stiffer penalties are to be introduced for failure to comply with some of the provisions of the Income Tax Ordinance. I would highlight in particular the penalty for the non-payment into Treasury of tax deducted from employees under the PAYE system. In future the courts will be able to send offenders to prison for this offence.

The opportunity is also taken to repeal Section 19C of the Ordinance which, following the repeal of the Elderly Persons (Non-Contributory) Pensions Ordinance (1973) in December 1984, is now irrelevant.

A reduction in import duties on tobacco, spirits and petrol

has recently been made. Against the background of the increase in retail sales generally following the full opening of the frontier, the case for further stimulus to trade by reducing duties is not obviously apparent. Moreover Import Duties were lowered across the board on a range of goods in 1983 in anticipation of the events which have now taken place - namely full frontier opening, an influx of visitors and an increase in sales volume. The Government must have regard to the fact that yield from import duties is, as I have said, at a level no higher than 5 years ago.

No change in the level of duties on motor vehicles or motor cycles is proposed, or on spares. But it is proposed to reduce to 12% the duty payable on the importation of new components for the assembly of cars in Gibraltar - that is, kits for cars - as a measure intended to encourage the development of this nascent enterprise.

Regulations will also be published shortly revising the licence fees payable for motor cycles. The Government agreed last year to review the method used in assessing these fees. The fees will be based on the cubic capacity of the engine. The net revenue yield will be unchanged as this is not intended to be a revenue raising measure.

The Government also intends to reissue the registration numbers G1 - G 5000 as personalised vehicle number plates. Tenders will be invited and any number not allotted will be available for subsequent purchase on payment of the reserve price of £100. Transfers of personalised number plates will be subject to certain conditions and the payment of additional fees. If a vehicle registered with a personalised number plate is not licensed for at least 6 months in any licensing year, the number will be forfeited. Regulations to enable the Government to proceed with this measure will be made shortly.

In furtherance of the Government's stated policy of encouraging finance centre activities it is proposed to widen the concessions from stamp duty which tax exempt and qualifying companies already enjoy.

In future such companies will only therefore be liable to stamp duty on their nominal share and loan capitals and on transactions involving immovable property situate in Gibraltar.

A similar concession will be extended to non-resident trusts, that is, those trusts created by or on behalf of non-residents to whom the provisions of Section 7(1)(Ua) of the Income Tax Ordinance apply. Such trusts will be exempt from all stamp duty other than that payable on transactions involving immovable property in Gibraltar. The revenue loss from these

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measures will be insignificant as at present most of the business now being exempted is done in other financial centres where no stamp duties are payable.

The fees levied on documents relating to property were last revised in 1933. It is proposed to rationalise these fees and charge £40 for the documentation when granting Crown Land or buildings on leases and £10 for a subsequent document involving land which requires registration under the Land (Titles) Order in the Supreme Court. These fees will apply to assignments, mortgages, sub-leases and other transactions involving land exceeding three years.

As a measure designed to encourage home-ownership, owner occupiers will be able to claim a refund of 10% of the amount which they have paid in rates if they have occupied the property for at least six months in any year. It is estimated that the revenue loss could be about £12,000 in 1985/86.

Some changes in form have been introduced to the Heads of Expenditure in the Annual Expenditure Estimates, some of these in the light of suggestions made by the Opposition. The Public Works and Public Works Annually Recurrent Votes have been combined. The Housing Vote now includes expenditure on maintenance formerly included in the Public Works Vote. Minor works on behalf of Government Departments have been allocated from the Public Works Vote to individual departmental Heads of Expenditure. And Head 4 this year includes expenditure on sport.

Mr Speaker, it would be fair to describe this year's Budget as a 'Wait and See' Budget. If memory serves me right it was a Liberal Prime Minister, Asquith, who was associated with that remark, whereas it was Stanley Baldwin, an arch Tory, who was famed for 'You can trust me'. I will leave it to the House to decide which model it would prefer and which phrase is more appropriate in current circumstances. For my own part, in thanking you and the House for your forbearance in hearing me out, I am glad that this year's Budget is not as severe as at one stage it was feared it might be, and that the future holds more promise than it did when I presented the Government's Budget to the House last year.

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, whether Hon Members opposite agree or not agree with some of the statements of the Financial and Development Secretary, I am sure that we will all join in thanking him for having a clear exposition of the weak and the strong - more weak than strong, unfortunately points that he has raised in the course of his clear intervention which I would commend Members opposite to read carefully when they have been provided with a copy.

This Budget, coming as it does barely three months after Dockyard commercialisation and two months after frontier normalisation, is caught up in a process of major economic change for Gibraltar. The Government is facing a serious financial situation which reflects the cumulative effects of the damage done to the economy since the announcement of dockyard closure in 1981. For the past three years we have been weathering the storm of an MOD Dockyard rundown, delays on development aid and the discriminatory frontier opening at a time of general economic recession almost everywhere. We now have an economy which is like a badly-damaged ship, not a shipwreck. Fortunately, it can now be repaired at the new commercial dockyard and it can sail in more open seas. If it is repaired well, in good time, and it can set a properly planned course for its many voyages across those seas, then we may find that we have weathered the storm and can settle, for a while at least, in calmer waters. The cynics may of course twist this analogy. But one thing is inescapable - we are all in this together - if the ship sinks, we all go down with it. This is why I would stress the need for a common front, for consolidation, caution and patience. Until we can begin to see, through 1985, the real outcome of dockyard commercialisation and frontier opening, and allow the economy to re-adjust, it would be premature to do much, if anything, about changes in Government charges or taxation, up or down.

This is not to say that there exist no grounds for raising charges, our reserves have been seriously depleted to the extent that we have decided, for the first time ever, to borrow £2m this year for recurrent expenditure. The deficits on the Funded Services have risen to £4.3m, excluding £0.43m being carried forward on the Telephone Service Fund. To balance the books (a practice which we have in the past been accused of doing), it would be necessary to increase electricity by 19%, water by around 8%, telephones by 26% and rents by 75%. On the other hand, we accept the case for reducing personal income taxes, we accept that disposable incomes have fallen in real terms, we accept that municipal charges, particularly electricity, are high. What we do not accept are the requests for further duty reductions, for further tax incentives for the company sector,

and crocodile tears on arrears from those who can afford it or will prosper, be they commercial or domestic. There is very little room for fiscal manœuvre when your reserves are so low and when you are borrowing monies. At this stage, it is better to borrow some time too, to see how the economy expands and how Government finances are affected. So it is not a question of balancing the books, but more of balancing social need and economic reality.

I would only make one aside, and that is on the question of telephone charges. The Government undertook to review the finances of the Fund last year. This was done and it was clear that, irrespective of the Fund's position, a more equitable arrangement with Cable and Wireless on the share of income from international traffic was called for. There have been discussions with Cable and Wireless about this, but regretfully these have had disappointing results so far. I will only say this - the franchise expires in 1987. The Government may therefore now have seriously to consider alternative arrangements for the future in order to secure a fairer share of revenue from international calls.

While we consider it necessary to see how the economy expands under the new conditions which have arisen, we do not of course believe that it is a matter simply of sitting back and waiting.

There have been reports in the press about the good progress being made in the commercial Dockyard. We have all seen also the daily influx of large numbers of tourists and the effect that this has had in various areas of the private sector. These are the two main elements which will provide the foundations for our economy in the future and there are, of course, some grounds for optimism.

But it would, of course, be totally wrong, and dangerous, to regard the increase in tourism as the solution to our problems and to give way to complacency. Last year's decisions on tourism policies were taken in the context of a partially closed frontier but with an eye also to a possible return to normalisation. Those decisions therefore stand and much valuable preparatory work has been done by the Tourism Committees and the Tourism Consultative Board. I should like to take this opportunity to thank all those concerned. The present position is that the Department will shortly be putting to the Government proposals based on the work of the Committees and the Board. Methods of financing will be considered and final decisions for action will be taken. I accordingly assure the House that it is our firm intention to pursue our declared tourism policies in order to consolidate and maintain the progress made so far. We look to the private sector to

continue cooperating with us in our efforts to make Gibraltar in every way even more attractive.

To touch upon one particular point already mentioned by the Hon Financial and Development Secretary, I would refer briefly to the proposed amendment to the Income Tax Ordinance whereby salaries and wages paid in lieu of notice, when they are the only form of compensation paid to employees who are made redundant, will be exempted from tax. I refer to this in order to say that the amendment has been produced in response to representations made to me last year by the Transport and General Workers Union which I undertook to pursue.

Sir, I commend the Budget to the House.

MR SPEAKER:

Gentlemen, as stated in the Standing Orders, the House will now have to recess for a period not being less than two hours for reflection and to enable the Opposition to make their contribution to the debate. It is now 11.45, last year we finished at midday and we resumed the debate at 3.30. Does the House feel that that is an adequate period of time, otherwise I would like to hear the views of the Leader of the Opposition on it. I understand that the Chief Minister is quite happy.

HON J BOSSANO:

That would be sufficient for us.

MR SPEAKER:

Do you want to come at 3.30 or 3.15?

HON J BOSSANO:

3.30 is enough or 3 o'clock, really, half an hour won't make any difference. There isn't all that much, really, in what the Hon Member has said.

MR SPEAKER:

Then perhaps we can recess as usual. The House will now recess until 3.15.

The House recessed at 11.45 am.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind Members that we are now on the Second Reading of the Finance Bill and I will therefore invite any Member who wishes to speak on the general principles and merits of the Bill to do so.

HON J BOSSANO:

Mr Speaker, it is a very difficult thing to do what you have just asked us to do, to speak on the general principles of the Bill because I don't know what the general principles of the Bill are, that is, the Finance Bill is about raising revenue and as far as I can tell there are no revenue raising measures in the Bill. In the context of speaking to the general principles of the Bill I will have to speak instead to the statements made by the Financial and Development Secretary and the Hon and Learned the Chief Minister. Some other Members of the Opposition will be speaking on the Finance Bill this year to seek information on estimates of revenue rather than on questions of expenditure. Any matters of expenditure will be raised on the Appropriation Bill but we feel that it is appropriate in the context of the Finance Bill where, presumably, one is making or not making provision for increasing charges, it is based on an assumption that is being made which is reflected in the estimates of the revenue and there are matters connected with estimates of the revenue that other Members of the House will be seeking answers on, presumably, primarily from the Hon Financial and Development Secretary. For a number of years, Mr Speaker, I have in analysing the successive budgets of the Government which has been bringing budgets to this House of Assembly since I arrived in 1973, made the comment that the Government seems to approach the question of the finances of Gibraltar on an annual basis as if it was a mere housekeeping exercise like a housewife that tries to balance its books and I imagine that that is where the Hon and Learned Chief Minister picked up the notion that the Government has been in the past accused of wanting to balance the books and deduced from that that it would mean increases in electricity and water and rents and so forth. I will be dealing with that point later on but let me make it clear that balancing the books does not, in fact, require that electricity or anything else should go by any other specific amount because whenever I have said about the Government that they have been trying to balance the books, they have been trying to balance the books on the basis of overall Government expenditure and not balance individual accounts. They have never done that although they have been saying that they were doing it or were intending to do it since 1977. But, of course, this year we do not have a household-type budget of an attempted balancing act. This

year what we have, Mr Speaker, is an Alice in Wonderland budget and I suppose that the Hon Financial and Development Secretary with his lust for literature must appreciate that there are worse ways in which I could describe what he has brought to the House. I will deal first with the contribution of the Financial and Development Secretary and then with the contribution of the Hon and Learned the Chief Minister which I think is more of a political nature, as it ought to be, and less of a technical nature. The Hon Financial and Development Secretary, Mr Speaker, is clearly trying to defend still, as he has done in the press, what has been anathema to every one of his predecessors since we had that famous definition produced by Mr Mackay in the budget of 1973 where I quote from his budget speech on page 7. I start, Mr Speaker, from that disastrous day when the AACR took over Government in 1972 and I praise their uninterrupted management of our affairs since then and I think I am perfectly entitled to do it because they have been continuously in power so they are responsible for every decision that has been taken since then and therefore they are equally responsible for all the statements of their successive Financial Secretaries and the Financial Secretary then said: "The guideline which has been accepted is a reserve level equivalent to four months expenditure. Expressed as a percentage this is 33% of annual revenue. The reserve level shown in March, 1973, represents only 20% of annual revenue". And he was lamenting then with the full approval of the Government, from what I recollect of the debate, the fact that we were as low as 20%. Clearly, it would be insane for the Government today to try and come to this House of Assembly and say: "We need 33% of revenue in reserve" because that would require them to try and raise £20m in this year's budget. Clearly, that no longer is a sustainable philosophy or a sustainable policy but what I question, Mr Speaker, is that one is asked on this side of the House to judge the performance of the Government or the decisions of the Government by reference to a policy and it seems to me that their policy is produced out of a hat to justify whatever is happening at any particular time and the Hon Financial and Development Secretary now is doing exactly the same thing as all his other predecessors have done in defending things in the House which are what is required at this particular point in time and that is in conflict with the view that he, of course, is not defending an ideological line because one can have ideological views about borrowing or about anything else but there are technical views about borrowing and I cannot help but notice, Mr Speaker, the frequent references in this year's budget speech to deficits in other places and, in particular, to the deficits of the United States budget, the fact that it is not the first time that they have run a large deficit, the fact that they are on the verge of becoming a better nation. I am not sure whether the message we are

supposed to be getting is that if it is good enough for the Americans it ought to be good enough for the Gibraltarians or that, in fact, the Americans are beginning to catch up with us in becoming a better nation, I am not sure which of the two it is. But, clearly, those references are not there by accident, Mr Speaker. In looking at the situation that we have on the deficits that we are running and on the reserves that we have, there is an aspect which my friends will be dealing with later on in relation to the Funded Accounts and that is the question of the accuracy of the picture reflected by the summary that is presented in the House on page 5 of the Estimates which shows the level of reserves where this year, for the first time in our history as the Hon and Learned Chief Minister has said, we are borrowing money and we are putting that money into reserve which is a very strange thing to do, Mr Speaker, a strange thing to do to borrow £2m and put it into reserves because reserves are supposed to be money that you keep in the bank in case you need that money in an emergency so why should you go to borrow money from one bank to put in another bank? Why should you borrow money and pay interest and deposit it and earn interest if you are going to be paying more than you are earning? Shouldn't the borrowing be done as and when the money has to be used in which case, in fact, we don't have any reserves at all, we have an overdraft facility. But, of course, the situation, Mr Speaker, is that even with the £2m that we are showing there as borrowing the reserves are not going to be £3.7m on the basis of the figure we have before us unless, in fact, the Financial and Development Secretary knows that all these figures are understating the situation and that he is going to finish the year with much bigger surpluses than he is estimating and on this occasion until we find out more about how the estimates have been arrived at I am not very sure myself what degree of accuracy one can put on those estimates. The Hon Member will remember that he owes me £5 in respect of that £1m of income tax that he has collected in the year but, of course, he told me a year ago when I told him that he was going to be £1m more and he bet £5 that he would be quite happy to pay us £5 if he got £1m more, so he has got his £1m and I want my £5.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Plus interest.

HON J BOSSANO:

Plus interest, yes. Coming to the £5.1m that we have as a result of the figures on income tax being better than anticipated and certainly we expected it to be higher because it seemed to us that the effect of the closure of the Dockyard was only going to operate for three months of that financial

year and that therefore for a period during that financial year GSL would be employing people and the Naval Dockyard would be employing people and there would be a period when there was, in fact, slightly higher employment than average and we also thought that the level of increases in the private sector were not being fully discounted, this was the difference in our own estimation of what the amount was going to be, there were also things like retrospective payments on productivity agreements in the Dockyard which, possibly, had not been fully discounted. Coming to the figure, the £5.1m, Mr Speaker, last year, that is, the final figures for 1984 showed also an improved situation in that there was in the Consolidated Fund a balance of £7.75m. Included in that balance was a sum of £4.8m of revenue outstandings or accruals or arrears, depending on which of the three is the preferred definition but, certainly, what there was was amounts owed and counted as if they had been paid making up the £7.75m and therefore by reference to the system operated by the Government when that famous contribution was made in 1973 when the Government was defending a policy of a third of the annual revenue being kept in reserve, by reference to that policy, we are talking and we were talking then about the remaining £2.9m. In comparing the situation in 1973 and 1974 and 1975 and 1976, we cannot compare it with the figures shown in the Estimates since 1977 because since 1977 we have been including as part of the reserves the electricity and water and rent and telephone bills before they were paid and until then we excluded them until they became paid. So, in fact, the disparity in the assessment of what is financially prudent is that much greater. By reference to that situation, Mr Speaker, there is no money at all and by reference to that situation they need the £2m in the next twelve months to cover the unpaid bills. It isn't money that is going to be available for spending, it is money that is going to be needed there if you are going to show a figure of £3.7m at the end of the year because, in fact, the £3.7m in March, 1986, will be shown when the Auditor's Accounts comes out unless these figures are all wrong and much more money comes in and I am saying this so that the Hansard will show it to be true when we come to debate the Auditor's Report of 1986 in 1987 or 1988, will show that if there is a figure of £3.7m virtually all of it will be taken up as advances to the Special Funds and there will be nothing at all and that will have included the money borrowed. That is how bad the situation is but, of course, is that the perception of the average citizen outside the House of Assembly looking at this budget and looking at the economy of Gibraltar? No, the perception outside of the situation is the very opposite of the one I am describing. People outside will be disappointed by this budget, they will be disappointed by the budget because what they were expecting in this budget was that at long last our problems are over and

at long last our sufferings are over and at long last we are going to start seeing the Government giving money out every twelve months instead of raking it in. This is the reaction the Government can expect from the average man in the street, obviously, they are not going to get a reaction of criticism because the Government has brought a Finance Bill which does nothing, it doesn't raise anything, it doesn't lower anything but they will get a reaction of disappointment, I think, because the persons outside legitimately will say to themselves: "Well, there were three elements that the Government has been saying they needed to solve our problems, they need to get the commercial dockyard off the ground" - the Hon and Learned Chief Minister drew attention to this in last year's budget speech, he has referred in this year's budget speech to the fact that it seems to be producing work and producing higher levels of productivity and getting off the ground although it is too early to know how it will finish but nevertheless the commercial dockyard is started and that was one of the things that the Government said was required and one of the things that the Government pinned its hope on and defended in an election and before the election when the package was negotiated, so the average man outside will say: "Well, they have got that part of it sown up". The other thing that they needed was an open frontier. The Hon and Learned Chief Minister defended that it was possible to get a tourist industry going but it would be more difficult with a closed frontier and that it was worth advancing the opening of the frontier by ten months even if it meant giving up things and giving up a battle to get better terms of membership in the EEC, the frontier opening was worth making certain sacrifices, so the second element is there. And the third one was land and the Hon and Learned Member has announced a few weeks ago that he has had a package agreed with the Ministry of Defence which will involve the transfer of substantial amounts of land and in that context he said that the philosophy was that every single inch of Gibraltar land is used to the greatest mutual benefit. So the average man in the street will say: "Well, if those are the three things they needed and they have got their three things what is the problem now?" The problem is they haven't got the money, Mr Speaker, or when they get the land they still haven't got the money. I think it is in the context of those three elements that the expectations outside have been built up and those expectations are effectively, in our judgement, Mr Speaker, a time bomb on which the Government is sitting and a time bomb that is ticking away because those expectations will keep on growing and the demands on the Government will keep on growing and we see nothing in the Estimates of Revenue and Expenditure or in the non-existent Finance Bill to suggest that the Government knows how it is going to meet those increasing expectations. That the expectations might be there doesn't mean that the Government is in a position to meet them but there is no doubt

that we are in a situation where we have now reached the bottom of a trend of declining living standards which people will not tolerate any further, of that I don't think there is any doubt. Mr Speaker, you will recall that in last year's budget contribution I referred to what Government statistics showed about average earnings in Gibraltar in relation to net take-home pay adjusted for inflation. Members will recall that I brought some figures to the notice of the House last year and, in fact, taking the latest figures, the October 1984 Employment Survey, what do we find? We find that the average Gibraltarian industrial worker weekly paid has got earnings today which adjusted for inflation and adjusted for tax are worth £23.96 and that in October, 1978, using exactly the same definition that was worth £23.67, so what are we now? We are 29p a week better off net of tax and inflation than we were as a result of the implementation of parity and any further deterioration will start eating into the benefits of the four-year battle of the working class in Gibraltar to achieve equality with their counterparts in UK and therefore what the Government will find is that workers will be pressing and are already pressing in the new climate to recover the lost ground since 1978, they are not prepared to be pushed beyond the level of 1978. Between 1972 and 1978 there was an increase in average earnings, a real increase in average earnings of 18%. Between 1978 and 1984 there is a real increase in average earnings of 2%. That is what explains why when the Chief Minister says that he realises and accepts that charges are too high and that rents are too high and so on and, in fact, I take it that he is saying that he is sympathetic to the message put to him by the Trade Union Movement and recognises its underlying validity, that is the other side of the coin. Effectively since 1978 we have been more or less marking time, all the increases since then have gone either to pay for higher prices or higher taxes. Therefore, Mr Speaker, the Government is not coming to the House with a situation which they can say with a degree of confidence will enable them to fulfil the demands that they are likely to be facing. They are not coming to the House with a policy which reflects a Finance Bill with measures designed to deal with a new situation in Gibraltar, they are not doing that, they are doing what the Chief Minister says they are not doing. I think the Chief Minister has got this unique knack of pre-empting what somebody is going to tell him he is going to do by saying he is not doing it before he is told he is doing it and therefore he says: "We cannot just simply wait and see". Well, that is precisely what he is doing, he is waiting and seeing, 'it is not a matter simply of sitting back and waiting' he says. Well, a Finance Bill that does absolutely nothing, if that is not a matter of sitting back and waiting I would like to know what it is, Mr Speaker. What is it that they are actually doing? What is the policy that the Government is developing that the Government is developing in a situation

today which is different from any other policy that they have developed in any situation since the frontier closed because I cannot see it. The Financial and Development Secretary, Mr Speaker, in his contribution deals with the balances between income and expenditure and the outcome expected at the end of the year but there is no indication from him how he expects to handle a situation which can vary in either direction, that is, obviously if the situation varies in revenue yields being higher than estimated he hasn't got a problem, the money will simply either go into reserves or he can borrow less but am I right in thinking that all he is telling the House is that he is putting down £2m there as the borrowing requirement, as he likes to call it, and that he is telling the House that if there is a bigger shortfall between income and expenditure then instead of borrowing £2m he will borrow £3m or £4m or whatever until, obviously, he comes up against the £10m ceiling. I have difficulty in understanding, Mr Speaker, how it is that the Treasury, apparently, goes along with this policy when from what I remember of the 1981/86 Loans Empowering Ordinance when the Government was seeking authority to borrow money against a far higher level of reserves for capital investments they had apparently a difficult task in persuading the Treasury in UK to provide the necessary authority. I think the record of the time will show that this was said by the Government in the House of Assembly, that they had great difficulty and I think, in fact it was the Hon Mr Canepa who said that it was wrong of the British Government not to allow them to borrow and not to give them grants and that they were, in fact, blocking development by not allowing them to do one or the other. I am puzzled as to this, particularly given the kind of philosophy in the Treasury in UK, I am puzzled, Mr Speaker. The overall figures given by the Hon Financial and Development Secretary will be dealt with, I think, by other Members of the House in terms of the Estimates of Revenue as I have already said because it is only in that context that we can make some sort of judgement but I want to deal with two particular points, Mr Speaker. One is the statement made by the Hon Member and I say it because I think it is an extraordinary example of how Financial Secretaries in this House seem to produce economic theories to suit the occasion but I don't think anybody has gone quite as far in developing that approach as the Hon Financial and Development Secretary has done on this occasion. In page 15 of his speech, paragraph 32, where he tells us: "In the case of potable water, the changes in tariffs last year led to a noticeable contraction in demand". I think it is kindergarten economics that the relationship between price and demand is that if price goes up demand comes down and if price comes down demand goes up. The particular theory which the Hon Member simply throws out to explain it to the House because he says 'the changes in the tariffs last year led to a contraction in demand', that would make one think that what

he was saying was the increases in the tariffs last year led to a contraction in demand. So we go back and we find out what he told us last year and last year he told us: "From June potable water will be less expensive for all consumers except for a minority who consume less than 45 units per month so two-thirds of domestic consumers who are not in this category will face a reduction in their bills and the average commercial and industrial user will enjoy a reduction of 19% and 16% respectively". So the Hon Member disproved a fundamental economic theory about the relationship between supply and demand. He came along, he reduced the price of water and the result was 'a noticeable contraction in demand' and I think that is an important milestone in the history of economic theory which should not pass unnoticed, Mr Speaker. The other innovation of the Hon Member in this Finance Bill is the changes he is proposing to Section 310 of the Public Health Ordinance which was the subject of the recent censure motion moved by me, Mr Speaker, after I had brought to the Hon Member's attention in December of last year, following a question in October of last year, that the way the annual value for rating purposes was being calculated appeared to be without any legal backing and the fact that the Government is seeking in the Finance Bill to provide the legal backing for me is ample evidence that the analysis I brought to his attention was right and correct and I think he acted very wrongly, Mr Speaker, in not addressing himself to the problem when it was brought to his attention, in stonewalling it when it was raised in the House and then in bringing legislation here to legalise the position. But, of course, he is legalising it as from today because I don't see that this particular bit of legislation is being made retrospective although he is so used to retrospective legislation in other areas including that of the recent amendments to the Income Tax Ordinance. I can tell him that he may have prevented me from objecting to the Valuation List but that I have not yet given up. I think there is still something that needs clarifying here on the basis that the law is mandatory, Mr Speaker, and the law as it is now before the amendment proposed by the Hon Member in this year's Finance Bill, says: "In the case of a hereditament being a dwelling house there shall be estimated by comparison with the rents at which dwelling houses owned by the Government are let, the net annual rent at which the hereditament would be let if the tenant undertook to pay all the tenants rates and taxes and to bear the cost of repairs and insurance and other expenses". So the law says it has to be done in this particular way and the deduction made has been one-sixth without reference to anything at all, simply because it has always been done like that and nobody questions it. I think once it is questioned somebody has got an obligation to look at it and it isn't simply enough to come along three months down the road after you have done it and after you have ensured that the provisions of the Ordinance allowing

the matter to be brought to the Magistrates' Court cannot be made use of because of the delaying tactics adopted, after you have done that it isn't enough to come here and say: "We are now going to legislate to make it one-sixth". I don't think we have heard the last of that little saga, Mr Speaker. But what we must not forget is that if by providing that it should be one-sixth the Government is by implication admitting that there was no legal provision for doing it that particular way, doing it the way I brought to the attention of the Government which was by reference to the actual proportion spent on maintenance and repairs out of the rents collected from Government tenants would, effectively, have meant a difference in the rates payable by domestic consumers this year in the region of £0.5m, that is what it would have meant and therefore it means that the rates that we are paying this year notwithstanding what they have done on the salt water charges, because that seems to have been a last minute attempt to retrieve lost ground, the general rates paid in Gibraltar is £0.5m higher for domestic consumers than it ought to be on the basis of the method of calculation provided by the Public Health Ordinance until the amendment brought today to the House is carried through and if that is not the case and the Hon and Learned Member shakes his head then all I can tell him is that there has been ample opportunity for the Government to give me an answer with a satisfactory explanation on that point since last November and it still hasn't happened. I still have not had an explanation as to why it should be one-sixth and why having got accounts which show the proportion paid on rents and the proportion paid on rates and maintenance, why that is not used when that is what the law says you should be doing. The position on the rates, Mr Speaker, is that although the Government may believe that for most people there is not going to be any difference between the rates payable this year and the rates that were payable last year, I can tell them that I know of specific instances, I know of one specific instance that came to me a short while ago because of this business of statements having been made before in the context of the Bill that was brought to reduce the water rates, the Government indicated that this would effectively annul the increase, I can tell them that one specific instance that I know of the rates in a domestic rent controlled property have gone up from £39 to £58 a quarter and that the water rates has come down from £8 to £2 so there has been a net increase of £19 a quarter. I can make the information available to the Hon Member and the address and the person and so forth. In fact, the situation is far from satisfactory anyway even with the juggling that has been done, Mr Speaker. We are not in a situation where the latest amendment or this amendment is producing a rational way of dealing with the question of rating and valuation. I also think that the question of arrears of rates require much more explanation from the Government than

has been forthcoming until now. The rates, Mr Speaker, have also been the subject of writing off exercises according to the figures that we had made available to us by the Financial and Development Secretary and we are talking about a situation where the amount on rates is £24,900 for commercial premises for the years up to 1984/85. This is a very peculiar thing, Mr Speaker, because the Hon Member in his defence of recalcitrant payers for whom he seems to have a very soft spot, was saying that he couldn't give us more information because it was commercial-in-confidence and so forth and we might be talking about people who had died or people who had left Gibraltar or businesses that had gone bankrupt but when we are talking about rates we are talking about premises. He is not suggesting that a number of premises have actually hopped off so as not to have to pay debts, does he? The physical premises, the assets, the bricks and the mortar on which rates are levied are still there so why is the Government writing off £25,000 of rates to businesses? Whoever the property belongs to even if it has changed hands, why shouldn't the new property owner have to pay the rates on that property if the old owner hasn't paid it? I think the Hon Member had better come up with a far better explanation on the rates than he has done on the others. Alright, on the others he can say: "Well, we can cut off their electricity, we will cut off their phone but if they simply disappear how do we collect it? If the company is put into liquidation what do we do about it?" But if the rates are on the buildings there is nothing to stop the Government from getting the money and, in fact, I think the law in the case of rates gives the Government more powers, they have got the power to actually take over assets in payment of rates and this business of the rates, Mr Speaker, I think it is interesting to note that the Auditor's Report of 1981/82, I think it was, produced an analysis on rates which showed that in 1981/82 there were £34,500 of arrears of rates accumulated for the years up to 1979/80. Five year's ago the Government was owed £35,500 out of which today they have written off something like £23,000, Mr Speaker, so in fact they have written off almost two-thirds of the amount that they were owed in 1981/82 when it was pointed out by the Auditor in 1981/82 that there were rates owed of £34,500 for years to 1979/80. What have we done between 1981/82 and today because it is quite obvious that the bulk of those who owed the money then simply haven't paid and today we are simply writing it off. Well, I don't think it is good enough, Mr Speaker, and it will certainly not end there. Let me make it absolutely clear that on this question of the rates when we are talking about a situation where the rates are levied on buildings, we do not accept that anything has been written off and if we are ever in a position to reopen those accounts and write in what has been written out we may well do so. After all, having been exposed to so many retrospective laws in the last two meetings

of the House I think people would be quite overjoyed if we came along in 1988 with retrospective legislation getting it back from all the people who think they have got scot free with not paying their rates.

HON CHIEF MINISTER:

If the Hon Member will give way. I don't want to interrupt but he is touching such a wrong line that if he continues to do that I think we will be deprived of his better judgement on other matters on which he is normally constructive. I can only speak off the cuff but my long experience tells me that rates are levied on the beneficial occupiers of premises, that is, the people who are occupying premises at the particular time who were rated and that is, in my view, completely corroborated by the fact that in a winding up or in a bankruptcy, rates debts are beneficial creditors, the rating authority is a beneficial creditor so that when there is a limited amount of money in respect of rates owed in respect of a property, in the winding up the rates are the first charge and it is after that that the distribution is made which quite clearly negatives any idea that the property stands for the rates owed other than through the beneficial owner.

HON J BOSSANO:

Mr Speaker, I think whatever the legal technical aspect of whether they can do it or they cannot do it, I think the average person will understand that if the rates are related to the building, it isn't the same as electricity or telephones or water where people are paying for what they consume. If a building is empty it is still rated so it isn't the beneficial occupier, there is no occupier.

HON CHIEF MINISTER:

You are wrong. If premises are empty you don't rate them, they have to be in beneficial occupation and that is why, in fact, we altered the law in respect of the site opposite the headquarters of the Transport and General Workers Union because as they had no premises they were allowed to leave the land undeveloped and no rates could be charged. Arising out of that case we brought in an amendment to charge unoccupied land but that was specific. If you have a flat and you not one chair in it and it is empty you do not pay rates because you have no beneficial occupation and therefore you cannot say that it is rateable anyhow. I think the concept is completely wrong.

HON J BOSSANO:

Mr Speaker, Section 310(a) says: "It shall be lawful for the House of Assembly by resolution to fix a sum per square metre of the superficial area of any hereditament in Gibraltar for the purpose of assessing the rateable value of such hereditament" and, in fact, there are a number of empty plots of land in the Valuation List which I have.....

HON CHIEF MINISTER:

Now.

HON J BOSSANO:

Now, yes, I am talking about now. Now is when we are writing it off so what is the Hon Member saying, that if the piece of land opposite Transport House has never paid rates we then write it off? No, we don't write it off.

HON CHIEF MINISTER:

What I am saying is that prior to the specific amendment in 1978 which rated unoccupied land as against rating unoccupied premises, is the one that made it possible to do it so that was the exception to the general principle of beneficial occupation because otherwise you could buy a plot of land, do nothing about it, pay nothing to the local authority and wait for it to go up in value, pay no tax, pay nothing and then sell it for a big sum.

HON J BOSSANO:

That is right and this is precisely what I am saying, Mr Speaker. If it is possible to do that then if you have got a situation where you are rating empty undeveloped land without any building on the basis of the area and I think that the reason why the amendment was necessary was because, in fact, since you couldn't charge it by relation to the rent because there was no building you had to do it by relation.....

MR SPEAKER:

We are not going to go into this, you are speaking at cross purposes.

HON J BOSSANO:

What it means to me, Mr Speaker.....

MR SPEAKER:

With respect, it doesn't matter what it means to you or what it means to the Chief Minister because that is why we are talking at cross purposes. There are two different principles which we are discussing and I think that the Hon and Learned Chief Minister has clarified the position. There are two ways in which rates can be assessed, an undeveloped plot of ground due to the fact that the House of Assembly has passed laws is assessable for rates; a building which is unoccupied for reasons specified in the Ordinance and as a matter of fact the owner has to prove that he is attempting to let the premises, for the period that it isn't let it does not attract rates. There are two distinct things which we are talking about but I don't think we should get involved in this.

HON J BOSSANO:

Mr Speaker, I hesitate to disagree with people who are professionally more qualified than I am in this area but I can assure you, Mr Speaker, that I know that premises have remained empty and that the valuation people have told the owners that they can only get the premises without having to pay rates for one quarter because the Government has legislated to ensure the rates were payable after one quarter to prevent landlords keeping the place empty.

MR SPEAKER:

Mr Bossano, what you are talking about is the implementation of the law. The way that the law is implemented may be another matter but I am talking about what the law is.

HON J BOSSANO:

Certainly, if that is not the law then I can assure you that people are not allowed to have empty dwellings without paying rates because I know of a specific example, Mr Speaker, but in any case I am not arguing that they should or should not pay rates, the argument that I am putting on behalf of the Opposition is that we are totally opposed to writing off rates because as far as we are concerned there is a physical asset there and the person who owns that building should be made responsible for the payment of the rates and if the Government says that that is not what the law says, let's face it, there is no difficulty in changing the law, they have to defend their policy and if it is not what the law says is it their policy that it shouldn't be like that? They are quite happy that there should be properties in Gibraltar where the owners don't pay rates and the Government then comes along and writes off £25,000 of rates?

HON CHIEF MINISTER:

I think I will answer that in my reply.

HON J BOSSANO:

If the Government says it cannot be done because that is not the law that is not a problem, changing the law. If we don't change the law it must be because the Government is not willing to change the law to make it possible but I am saying we as a party, we as the Opposition in Gibraltar, are against rates being simply written off because we think there is a legitimacy in the argument that can be put by the Government that says: "If you have got somebody who doesn't pay the telephone, at the end of the day you cut off the telephone and the person goes what can you do about it?" All you are left with is the old telephone wire still in the building, period. But as far as we are concerned the commonsense approach on rating for us is that the rates are on the building. Whether the owner pays it or the landlord pays it or the tenant pays it, the rates are on the building and if the building changes hands and the old owner hasn't paid it then the new owner should be made responsible for it and if that is not what the law says then we ask the Government, is it that the law doesn't say that because they have never thought of it or is it that the law doesn't say that because they ideologically and politically will not support that philosophy?

HON CHIEF MINISTER:

If the Hon Member will give way. He is now talking about 'ideologically'. The rating law of the United Kingdom, certainly of the United Kingdom, I don't know about Scotland it may be slightly different in various ways, is a rating law that the old Sanitary Commissioners followed and that the City Council of the 1920's followed and that the City Council of the post-war followed and that is well established jurisprudence which establishes a variety of cases of what is empty and what is not empty and what is rateable and the rates and so on. If Members seek to make a revolution of the rating law in millions of pounds not to write off something from people who are no longer around or who have left and so on and want to make the properties pay for it, that is another matter, we can look at that, but I can tell the Hon Member that that is not a matter of positive active Government policy, it is a matter which has been inherited and which applies to every local council in the United Kingdom, whether it is with a majority of the Labour Party or with a majority of the Conservative Party. I will give the Hon Member just one more instance and I promise I won't interrupt him any more but I will try to help. There are different ways in which money can be got, from owners of

the property if the property is liable. There is a recent case which I have seen, I am not concerned with it but I have seen and I say, quite rightly, in which because of non-payment of estate duty the Government is attempting to burden, and rightly, the property in respect of estate duty because it is an estate duty charged because the value of the property at the date of death of the testator had so much value and the law said that it had to be burdened with so much estate duty. You have it in England where people pay up or give up works of art in order to make up for the estate duty. There the Government has got power and there the Government when estate duty is not being paid the Government is attempting, probably they will be paid, but in my view, is attempting to burden the property, to put out the property for sale, collect the estate duty and give the balance to the owners. This is the way of establishing a right that the Government has in respect of a particular kind of tax but it has not got that kind of power in respect of rates.

HON J BOSSANO:

Mr Speaker, whether in fact the rates that are being written off can be recovered or not would be far easier to assess if you knew in respect of which premises those rates had been written off which we don't, in fact, but we do know that according to the Auditor in 1981/82 there was a sum of money of almost £35,000 owed on rates up to the year 1979/80 and today we are being told that two-thirds of the money that was owed then is now being written off and that is an unsatisfactory state of affairs from our point of view and the Government should not have taken that step without seeing whether the money could be collected from the people who are now in occupation or in ownership of the buildings to which those rates relate and if the law is drafted in such a way that it cannot be done then they have changed plenty of other laws so we don't see why this should be a problem. I would like, Mr Speaker, to round off by dealing with the political explanation of the budget which is that provided by the Chief Minister in his contribution. The Hon and Learned Member comes out with this maritime metaphor which I can only assume is a sign of the times given the influence on our community of the commercial dockyard and I would say, reading what he had to say, that if we are an economy today which is like a badly damaged ship, it isn't because it has come out of a three-year storm, it is because the captain is so bad at steering, Mr Speaker, that for the last three years we have been bumping into every conceivable rock in the horizon and as long as we are stuck with the same captain, Mr Speaker, I am afraid the badly damaged ship is going to get more scratches and bumps into it for as long as we go along the same road. I think it was the ship 'Irene's Fantasy' that suffered the

same thing on the official opening of the commercial dockyard, Mr Speaker, they put it in and they scraped the entire side of the 'Irene's Fantasy'. I think they scraped it on the way out as well for good measure. I am not sure whether the Hon Member will now include me amongst the cynics who may try to twist the analogy, Mr Speaker.

HON CHIEF MINISTER:

You are doing it already.

HON J BOSSANO:

I think the situation is that we don't know what directions the ship is being taken into, Mr Speaker, and certainly the Finance Bill doesn't give us a sense of direction at all. The situation of the balancing of the books to which the Hon Member referred, and as I said I would come back to this point, in previous budgets it seems that the Finance Bill has been an exercise in 'good house-keeping' in the sense that all that the Financial Secretary has attempted to do every twelve months has been to say: "I am going to add up all my items of expenditure, add up all my items of revenue and provided at the end of the day I am left with a fairly small surplus to put into reserve then that is okay". Without thinking that things were going to be done and there have only been very recent and very minor exceptions to the rule when the Government actually defended a fiscal measure like, for example, doing away with income tax on the first £500 of interest from deposits in building societies, that was not a revenue raising measure or a way of giving revenue back to people but a measure designed to encourage a particular type of economic activity. Apart from minor things like that there hasn't been a concerted strategy which we think is what Gibraltar requires, and what it has been needing for many years and what should have been the reaction to the 1981 Defence White Paper. We think that there is a need, certainly now, to revise the situation and to produce a fresh strategy for the fresh conditions but, in fact, there has not been a strategy until now. It isn't a question that the Government was sailing in one direction and now has got to change course because of the open frontier and because of the commercial dockyard. The Government was just being blown from left to right to centre before and, presumably, the wind will simply be blowing from a different direction now but the situation is not changing and is not going to change. We certainly think that there is a major need for a restructuring of the entire taxation system in the context of the new situation of Gibraltar where the whole tax system would be designed to do more than simply produce revenue, it would be designed to fit in with the particular economic strategy being developed. But even when changes were announced in

1979/80 which were supposed to be the results of a major restructuring, all that was really being done was changes in personal allowances. If we come, for example, to the question of the Funded Services to which the Hon Member makes reference by saying that if you were to balance the books it would require electricity increases of 19% and water of 8% and telephones of 26% and rents by 75%, well, no, it doesn't require any of that because we are not telling him that the Housing Fund must be balanced by the rents covering all the expenses, we are not telling him that. The Hon Member says it after he says: "A practice which we have in the past been accused of doing". We are not accusing them of balancing the books and we are not saying to them they have to do this because you can certainly balance the books, for example, by raising taxation and subsidising electricity, water and that, in fact, is what has been done in the past. That has been done in the past but we certainly think and we will continue to press for accuracy in the way the accounts of the Funded Services are presented because we believe that decision making is easier if you know what you are dealing with and therefore the greater the identity between the service that is being provided and the cost of providing that service the more rational the decision making can be. The decision making is still a political one but I think, and the Hon Member has demonstrated it this year, the Financial and Development Secretary himself has said that in including a different rate of interest for the purpose of amortisation the basic position of the Government is unchanged, clearly, because there is an entry as revenue to compensate the entry as expenditure and the net position is not changed. If, in fact, the Hon Member had not put in £2.2m which is the figure that he used, what we would have on page 5, Mr Speaker, would be that the Estimates for 1985/86 would presumably be £56m income instead of £58m, the net result on recurrent revenue and recurrent expenditure would be a deficit instead of a surplus, the uncovered deficit on the Housing Fund would be £900,000 instead of £2,900,000, the total deficits would then be £2.2m instead of £4.2m, but, of course, the result will still be £3.4m. I think that by saying that and by drawing attention to that he is, in fact, adding strength to our argument when we have been trying to persuade him over the last twelve months to do certain things which would give a better indication of what the true cost of anything was in terms of the pattern of the provision of services and of the pattern, particularly, on the Special Funds and of the Funded Accounts. He has given us an excellent argument which we shall be reminding him of until we persuade him finally to go all the way in the direction we would like to see him going. Coming back to the Hon and Learned the Chief Minister, Mr Speaker, I think that in his contribution and in explaining how the Government sees the situation, he seems to be introducing a note of caution into being over-optimistic. Of course, the need for

caution and prudence has been a recurring theme in almost all his budget speeches.

HON CHIEF MINISTER:

And if you were here you would do the same.

HON J BOSSANO:

Time will tell.

HON CHIEF MINISTER:

Of course, but it may never be proved.

HON J BOSSANO:

It may never happen or I may never be there but if I am there then and only then, really, Mr Speaker, will we see whether there is a different way of doing things. Coming back to the position, it seems to me that reducing it to the basic and the most fundamental point, the Estimates that we have in front of us seem to leave the Government no room for manoeuvre and the Government is saying: "Well, we mustn't be too optimistic but on the other hand we hope that in putting forward the picture that we have put we have erred on the side of pessimism rather than optimism". If that does not materialise we think they are going to be in serious trouble in twelve months time, Mr Speaker, and let me say that, in fact, the figures presented to the House today, even after the extra £1m, confirm what we were telling the Government a year ago, that this year they would find themselves, after their commercial dockyard and after a frontier opening which was not being predicted by any of us twelve months ago, they are in a situation where really they have got no room left for manoeuvre.

HON A J CANEPA:

Alas, Mr Speaker, I find myself once again, this is I think the third meeting that I find myself disagreeing with the Hon and Learned the Chief Minister and I disagree with him when he says that were Mr Bossano to be sitting on this side of the House as Chief Minister he would also be preaching prudence and caution. If the Hon Mr Bossano were to be sitting on this side of the House, at least during the first budget I am sure that he would reveal his master economic plan.

HON J BOSSANO:

Absolutely.

HON A J CANEPA:

Absolutely, indeed. I don't think that ever, Mr Speaker, since the budget of 1973, except for two exceptional occasions that I will be referring to in a moment, I don't think those of us who have been here since the summer of 1972, and there are five of us on this side of the House and I am sure they will agree with me, we have never had an occasion when the Hon Mr Bossano has had so little to say, so little that is meaty to say about the budget.

HON J BOSSANO:

Or the Chief Minister.

HON A J CANEPA:

Except, as I said, on two occasions and those two occasions were the budget of either 1975 or 1976, I forget exactly which of the two years when he didn't speak at all, together with Mr Isola, Mr Xiberras on that side and the Chief Minister and myself on the other because we couldn't agree on who should speak next so the five of us didn't speak and rather more recently on another famous occasion neither he nor Mr Isola who was then Leader of the Opposition took part in the debate because they both wanted to be last. Other than on those two occasions he has usually had much more to say than today. I am only going to deal with two of the points that he has made, one is a relatively minor one, the other one is a much more fundamental one, the question of the increases in rates that some householders have just been notified of. I noted very carefully the words and I haven't checked because I remember them distinctly, the words used by the Financial Secretary this morning and they were that 'broadly speaking there is no increase in rates'. What he was referring to was the fact that we had carried out a very careful exercise to ensure that the increase in revenue which the Government would have received was to the extent that it could be almost entirely offset by the decrease in the brackish water rates. I am aware of the fact that householders in the private sector have had increases in rates, I am one of them. I have been notified of an increase of 30% in the rates. Not because it worries me very much because it is the last lot of rates that I am paying, I think, or perhaps one other one where I now live, but because a former colleague of mine who lives upstairs and who has got a much bigger flat and he is hopefully going to, may he enjoy many more years of life, live there for many more years, he was aggrieved about it and I made it my business to find out the reasons. The reason is that in 1983 the Government increased the rent of Government pre-war accommodation very substantially, by at least 30%, and the rates of private sector pre-war accommodation, rent restricted, is

linked to the level of rents in Government owned accommodation so those concerned are having an increase in rates now but if there is any virtue in that it is this, that when the Landlord and Tenant Ordinance is implemented and the rents of those tenants are increased very appreciably and, indeed, I think they have remained frozen since 1980 or 1981, and they are increased very appreciably by the order of 75%, these increases in rents which will occur later on this year will not in turn lead to increases in rates because these tenants have already been having since 1981 increases in rates progressively so the rates are well ahead of the rents. It is hardly a comfort but that is the reason behind it. Now to the more fundamental points made by the Hon Mr Bossano earlier on in his intervention about the expectations of the average man in the street. We said that these expectations arise from three elements - the start of the commercial yard, the opening of the frontier and the question of the Ministry of Defence land. If the average man in the street has got serious expectations about this year's budget connected with those three elements then these expectations must have been built up by the leadership of the Transport and General Workers Union and by nobody else who are the people who submitted a memorandum requesting the Government, amongst other things, to introduce wholesale reductions in personal income tax and these expectations must also arise from statements that have been made, notably by Mr Netto, that the only people who were benefitting from the full opening of the frontier were the capitalists but perhaps Mr Netto can say that to the 500 workers who have found new jobs as a result of the opening of the frontier and perhaps he can also tell those shop assistants who have recently joined his union that the increases that they have had in wages ranging from £8 a week to £18 a week have nothing to do with the opening of the frontier. It isn't that business retail outlets are now doing well and that therefore they are able to put right what perhaps they haven't been able to do in the last few years. My impression, Mr Speaker, is that people are much more perceptive than those blind followers of the TGWU and that even working people, and I am not just referring to white collar workers who perhaps the Marxist Leninist element in the TGWU do not regard as being workers though God only knows that some of them, if I judge by my own wife, work much harder than many manual workers, at least she comes home much more tired after looking after children, or people working in the hospitals, I wonder whether they don't work hard enough for these marxists, but not just white collar workers, even blue collar workers who are sceptical about what the leadership of the TGWU may tell them other than in the context in the field of wages, salaries and conditions of work, I think that these people don't really have such expectations. What a lot of them say and I have got contact with the ordinary man in the street as well, with the average man in the street,

perhaps not in places of work because I don't frequent them like the Hon Member opposite does but I have a lot of contact with ordinary working people and what they say is that Mr Bossano got it wrong on the dockyard, that Mr Bossano has got it wrong on the frontier and that therefore he can hardly adduce those as being sufficient grounds for the Government now to begin to give back already to people money which the Government hasn't yet got. Perhaps in twelve months time we can begin to look at a new situation, perhaps there may be indications by then of the money coming in and the Government's financial position improving and no one would like to do more than we ourselves on this side because we started an exercise in 1981, a stage 1 of an exercise with regard to personal taxation which we were never able to complete, in which we wanted to introduce creative improvements in personal taxation to be able to give people money back. I have no doubt that we are highly taxed in Gibraltar. I wanted the opportunity at the Heritage Conference to tell some of the people from outside who were asking why develop Queensway, why develop Rosia, why develop the East side reclamation, I wanted to tell those people that we want to do that not because there are 400 people unemployed but because there are only 11,000 jobs in Gibraltar and if we had 12,000, 13,000, 14,000 or 15,000 we would have a much wider tax base, collect income tax rather less painfully and begin to give back to people some of the money that we are paying over and above our counterparts in UK, and many of them were from UK, because it is well known but they don't know that, it is not a fact that they are aware of, that we are paying in Gibraltar 25% or 30% higher personal taxation than in the UK. Mr Speaker, last year I explained that despite the difficult financial and economic climate, the Government was determined to formulate a strategy which would help to form the basis of a new economic future for Gibraltar. My main immediate concern then was that there was a need to move forward on the commercialisation of the Dockyard, for it was not clear then that, in addition, Gibraltar would face other major developments consequent on frontier normalisation. It is therefore now, in my view, even more important to ensure that we are able and prepared to re-adjust successfully to the process of change which the economy will inevitably undergo. This not only means that we must get it right at budget time but that it places greater urgency on the need to build up momentum on development both public and private. For this reason the outcome of the pending development aid talks in connection with the next development programme will be important. So, too, will the practical steps which need to be taken to maximise the use of our land resources which, again, only recently has been the subject of fairly positive discussions with the Ministry of Defence and which I will be returning to later on. Firstly, I would like to comment on the state of the economy and the general financial position of the Government. It is clear from what the Financial and Development

Secretary has said that the contraction which the economy has experienced since 1981 is largely the result of the Naval Dockyard rundown, the partial and damaging frontier opening and the parallel depressed condition of the other major export sectors, principally, tourism and shipping. In other words, although we have had to take our share of the international economic malaise of recent years, the main blows to our economy have been the result of political and bureaucratic decisions taken by the British Government and the Spanish Government. The first in pursuit of a new defence policy and the other ostensibly, humanitarian. All this has inflicted serious difficulties for the trading community as a whole. Likewise, it has damaged Government finances mainly because the narrow tax base has shrunk hence the fall in real revenues and the calls which there have been on Government resources which have continued unabated and hence the real increases that there have been in expenditure. The result, predictably, has been a serious depletion of the reserves, high levels of arrears and a general decline in economic activity with the consequential effects for employment and notice that I say for employment, the point that I was making earlier about there being only 11,000 people in employment and not so much unemployed. Surely, Mr Speaker, to say or to infer that this difficult situation created largely by external factors is due to economic mismanagement is to fly in the face of the facts. Fortunately, we did move forward on commercialisation. The year's deferment of the closure, even if there was a loss of about eight months because of blacking by the TGWU and because of a failure by management and union to be able to come to grips, in spite of that I think that the time that we had in hand helped to smooth the painful transition from Naval to commercial shiprepair activity. In particular, it allowed a much more orderly and positive employment build-up and valuable time was gained in which to plan and implement re-development work. That there has been an encouraging start, despite all the teething troubles, I think speaks highly of both management expertise and the commitment of the workforce. It is crucial that this early momentum, Mr Speaker, should not be lost and that with careful organisation and a responsible approach we should be able to build on this and to improve on this state of affairs. If the commercial yard does achieve its employment productivity and sales targets then this will reflect itself healthily across the whole board broadly across the economy and be a significant contribution in the finances of the Government. I wouldn't wish, Mr Speaker, to let the opportunity go without thanking the Ministry of Defence but, particularly, the former Flag Officer, Admiral Vallings, for their help in achieving a relatively smooth transition. Together with dockyard commercialisation the full opening of the frontier has ushered in a new era, a new era for the course of the Gibraltar economy. As the House

well knows I have never been under any illusion that an open frontier is the panacea of our economic problems. It is naturally premature to make any firm pronouncements despite the glossy forecast of millions of tourists. We are in the business of Government not sensationalism and we do not intend to be distracted by pretty statistical pictures which only speak of the touristic bonanza. There is little doubt at all in my mind that the private sector generally will benefit. There are indications already and I have referred to the benefits derived by the retail trade and as a result derived in the creation of jobs and in welcome increases in the wages of shop assistants and others. The Government has already taken steps to create the right conditions for a more competitive market, notably through the substantial import duty reductions which were implemented earlier this year. The conditions are now also there for renewed private investment by way of development aid relief and other tax concessions. We have been inundated with a plethora of requests for all sorts of further fiscal incentives but this we have resisted because we consider that sufficient incentives already exist and because the Government must consolidate its position and also derive some benefit from increased revenues. The frontier opening will not be pluses all the way. For the Government it has already led to increased expenditure commitments and this is likely to continue to be the case particularly insofar as capital expenditure is concerned. Mr Speaker, it is early days yet on dockyard commercialisation as well as on the frontier. The Government's financial position remains weak, the Funded Services continue to be in deficit, the reserves are low, we are borrowing for recurrent purposes for the first time ever in our history. On the other hand, we are conscious of the squeeze on real disposable incomes. We are very much aware, as I have said already, about the high level of personal income tax and the high cost of electricity. There is therefore very little scope to do anything about either reducing or increasing taxes or charges in this year's budget. Until we can see a sustained improvement in Government finances, until we know what will be the real outcome on the dockyard and the frontier throughout this year, it is prudent to adopt the wait and see attitude referred to by the Financial and Development Secretary earlier today. If the economy does pick up then it is our aim to ensure that those who prosper will contribute for those who do not and that those who can afford it but do not pay their bills will pay. There is a continuing need for a better re-distribution of income and wealth in Gibraltar and that is an aim which given the right conditions we shall pursue. I would now like to turn, Mr Speaker, to the development programme, both to the current and to the future programme. Of the £13m aid allocation for the 1981/86 programme, some £12.5m has been committed. This includes the grant of £3.1m for the third engine at Waterport Power Station for which

tenders are expected shortly. On current estimates it is likely that slippage for the programme period may be in the region of some £1.2m mainly accounted for by forecast final payments for the power generator. The balance of some £0.5m available may be taken up by supplementaries. No more project applications can therefore be sent until we know the outcome of tendering for the third engine but assuming that there is some residue, we may submit some applications for the funding of small scale tourist orientated projects. As to progress, regrettably again this year, I have to refer to the late start on the Causeway project and as I said last year I repeat again, the blame for this lies elsewhere. Slippage on the I&D Fund expenditure of some £3.4m for 1984/85 is largely accounted for by these two projects, the power generator and the Causeway. Expenditure on the locally funded projects was generally on target except for a late start on the Tower Blocks and delays over the second phase of Rosia Dale and the Glacis bedsitters. Plans are almost completed now for the next development programme and next week the Forward Planning Committee will probably be meeting to consider a draft aid submission but I would prefer not to go into details at this stage. We hope to have an early opportunity to have preliminary discussions on the need for further aid and subsequently to formally submit our requests. Gibraltar needs the financial resources for capital expenditure in order to maximise the opportunities flowing from an open frontier. We have now a last chance to build the foundation of a strong economy but we cannot do it properly without significant capital aid from Her Majesty's Government. Our future economic development will also depend largely on the release of additional MOD lands and buildings. The House is by now familiar with the recent MOD proposals on this matter and it is important to recognise that for the first time ever the Ministry of Defence actually took the initiative in responding comprehensively to our continuing demands for a more balanced use of Gibraltar's land resources but I do not as yet see this as the end of a long story which has not been devoid of struggle but rather it is a case of one more chapter. Some sites offer good development prospects but many will be difficult to develop but because of this I do not intend to fall into the trap of being accused later of accepting a generous land deal with little practical results, say, five years later. The MOD would then have reason to say that there is no more to come. We are now going to identify our own requirements before any meaningful further steps can be taken. Turning now, Mr Speaker, mainly to development in the private sector. The House may recall that last year I gave a detailed account of the more important development projects which were earmarked for the expansion of tourism and I outlined as well the steps which were being taken to make these sites available for early development. I also described other projects which were not directly related to tourism but which were also

necessary ingredients for a planned re-orientation of the economy towards private sector investment. The frontier normalisation has clearly confirmed our analysis of Gibraltar's development potential. The interest in these projects is now so intense that the pace of development has, as expected, been accelerated considerably. One notable example is the old PWD Workshop in Library Street, barring the event of last week in connection with the topping up ceremony, which has been redeveloped into a four-storey commercial building and is now nearing completion. Another example of accelerated development arising from the open frontier situation is the multi-storey car park project at Casemates. The main difficulty delaying development has been the question of finding alternative accommodation for the Gibraltar Shiprepair Limited employees housed there. Two alternative suggestions have been explored vigorously; that of converting North Pavilion and, more recently, that of renting private accommodation in order to vacate the Casemates building even earlier. The expense of this accommodation is to be met by the developer who is extremely anxious to get this important development worth some £5m off the ground. The Ministry of Defence have agreed to this proposal and upon payment by the developer of the agreed reprovisioning costs, the Ministry of Defence will declare Casemates surplus to defence needs. There are also strong indications that the petrol station at the rear of the Casemates project, that is the one at Line Wall Road, will also be redeveloped to provide more office accommodation and a vehicular entrance to the car park. The increasing influx of daily tourists to our shopping centre makes this project an absolute must and I am convinced now more than ever that not only is it the best site for a shopping complex with easy car parking facilities but that it will, in fact, become a reality in the not too distant future. I have always said that the gestation period in major development schemes is inevitably a prolonged one and with this in mind last year we commenced the process of inviting proposals for the Queensway site, for Rosia Bay and for the Waterport area. Although the former will not become available until mid-1987, we have already selected four developers who will now be invited to tender for the site. Similarly, we have recently selected two developers for Rosia and they, too, are shortly being invited to tender. This site will be available as soon as final selection is made so that I am hopeful of a start on site later in the year and as I explained last year, the Waterport site will be available this coming July following various rationalisation works which have been carried out in the Port area. The tender documents have already been sent to the three selected developers and they are required to submit tenders not later than the 14th June this year. The interest in private sector development is manifestly clear. I have omitted to mention other developments in the private sector because they are not on Government land or buildings

and as such are beyond our direct control but I can say, in my capacity as Chairman of the Development and Planning Commission, that there is no doubt, as I said in my remarks last Friday at the Heritage Conference, that the problem is now not so much to encourage development but to control development. That there is therefore a need to strike a balance between the desire to expand and progress with the requirement at the same time to respect our architectural heritage and our unique character. It is indeed necessary, Mr Speaker, to realise that the longer term economic benefits will depend on Gibraltar's uniqueness and charm as a Mediterranean tourist centre which is quite different to any town or city along the Costa del Sol and I hope that the gentleman who wrote in the Chronicle this morning that we were trying to convert Gibraltar into another resort along the Costa del Sol will take note. We must not therefore fall into the trap which has befallen many beautiful cities as a result of the activities of unscrupulous property developers but we cannot stagnate, development must proceed and as I said last Friday, I am quite confident that there is ample room for compromise between the extreme conservationists on the one hand and the extreme philistines on the other and I understand that there are one or two self-confessed of that latter category here in the House. Mr Speaker, the interest in touristic and commercial development, although most welcome and exciting, is not the only area in which rapid progress is being made. In housing, development is also proceeding satisfactorily. Last year I cited an example where a local company proposed to build a block of forty flats intended for sale primarily to persons in the Housing Waiting List. Again, I am pleased to say that this scheme has materialised and that the evidence is there pointing to the fact that work is well in progress. The Government has similarly been actively pursuing its home ownership policy on a two-point plan designed to alleviate the housing situation and at the same time stimulate private housing on a large scale. Firstly, the sale of flats to sitting tenants which it is hoped will generate funds to provide more public housing as launched earlier this year on a selective basis. It is still too early to say for we have only received about one-third of the 250 questionnaires that were sent out. I think the closing date is the end of June but the indications already are that 70% of this one-third are favourable and if we were to get something similar from the remaining two-thirds, though I am personally doubtful, I think it would be most encouraging. If this scheme is successful we will set up a home ownership unit in order to provide the necessary logistic support to effectively sell these houses. Even if we achieve a 50% success rate, the sale would generate approximately £1.5m which will go some way and which are badly needed, in my view, in order to finance more Government owned housing. We intend to proceed energetically with this sale and mount the necessary public relations

exercise to try and get the message across to those who may see, I am not sure why, a catch in it, perhaps. Secondly, there is the Vineyard Housing Scheme which is also showing clear signs of early success. Last year I gave some indication of our ideas on this scheme and I am gratified that these have, in fact, jellied into concrete proposals for a private home ownership scheme for persons eligible to apply for Government housing. The scheme has been devised carefully to ensure that it will create an impact on the housing situation by aiming to keep the selling prices of the proposed dwellings, which are nearly 250 in all, within the affordable cost of the average Gibraltarian family. For its part the Government will assist the developer by granting the land free of charge if he complies with the aim and with the conditions of the scheme. The necessary safeguards have therefore been incorporated to ensure that the scheme is not abused. The final stage in the tendering procedure has now been reached and having received last week the tenders from the two selected parties, the Government will now consider these in detail and make an early decision to ensure expeditious development. I should also, perhaps, mention, Mr Speaker, that approval has already been given by Gibraltar Council to a scheme involving some forty dwellings in all in the area of Brympton and Villa Victoria. This is a more up-market scheme to stimulate and to meet the demand that there is for home ownership amongst the middle or upper-middle classes but, again, it will be a welcome investment in the private sector and a welcome contribution to the building industry. We are very conscious, Mr Speaker, of the serious housing situation and we are sparing no effort in tackling this problem energetically and, above all, realistically. Mr Speaker, at this time last year Gibraltar was approaching a cross-roads. We on the Government side knew in what direction we wanted to move but we were not sure if we could get across. We have recently done so - businesses that were assuredly heading for bankruptcy, the Government perhaps included, have been reprieved in the nick of time. The spectre of mass unemployment no longer hangs over our heads like a Sword of Damocles. We may still have to tread gingerly over the next few years but there is already some feeling of resurgence in the air. Normality at the frontier, growth and development through investment in and by the private sector; the new touristic influx and the expansion of financial centre activities, together with a successful commercial shiprepair yard, today constitutes a meaningful recipe for an economy that it is important to continue to underpin for many years to come by the relative size of our public sector. Thank you, Mr Speaker.

The House recessed at 5.10 pm.

The House resumed at 5.50 pm.

HON M A FEETHAM:

Mr Speaker, before going into the general analysis that I want to put over in response to what the speakers opposite have had to say on the Finance Bill, there are one or two points that although not directly connected with the Finance Bill have been made as points of comment which I think have to be answered. The Hon the Minister for Economic Development made a remark about the Transport and General Workers Union, particularly about Marxist Leninists in the Union and so on and I am sure that if there are Marxist Leninists in the Union I am sure they are quite capable of defending their philosophy and ideology without me having to take up the banner on their behalf. When you make that sort of statement you have to analyse why that statement has come about and I remember in 1972 when much to my regret because it certainly wasn't my political ideology, I was accused of being an anarchist because people tend to categorise militancy with a particular political ideology. One could always say that some politicians in Gibraltar are being highly reactionary and you can always accuse them of being Fascists. I am not accusing anybody of being a Fascist but that is the general assumption which are made but when you look at this categorisation of people in relation to when the militancy started in Gibraltar which was precisely in the 1970/72 period. What was the scenario at the time because one can point the finger at the political philosophy of the Government of the day which may or may not have been responsible for the sort of militancy growth and the sort of ideology which today is, to some extent, portrayed in the unions according to the Minister for Economic Development. In those days the Government which has practically been unchanged except for the period that Major Bob Peliza was Chief Minister, in those days the unions were used to being told: "You are going to get 2 shillings and 6 pence increase". The approach was out of context with the development that was taking place everywhere else in terms of industrial relations and there was this militancy and this militancy came about because the Government of the day resisted wage increases and it went to the extent that it went to a general strike, and I do not hide the fact that I was one of those that led it. I wonder whether the development of the militancy which is there today in the union could be put at the doorstep of those people who were resisting it because at the end of the day despite everything the Financial Secretary had to say which my colleague, the Leader of the Opposition has said, the argument at the time was that the Government reserves had to be equated to so much of the total expenditure and at the end of the day we did get a minimum increase of £1.85 and that approach and that political decision has led to the growth of trade union organisations. The Hon Chief Minister does not agree but of course that is why we are at liberty in Gibraltar and we are a democracy, to

be able to make our own analysis of the situation.

HON CHIEF MINISTER:

If the Hon Member will give way on one very small point. First of all, with respect they talk about 1972, 1973, 1989, 1967, 1964, 1963. Personally, my own view for what it is worth is not that, it is that it came about a year later than it happened in England. The whole concept in England of trade unionism also changed except that it changed here a little later like everything else. The wind of change takes about a year to get here.

HON M A FEETHAM:

No, I think the Hon Chief Minister has got it wrong. The trade union figures of membership of the TGWU at the time in 1970 was 650 contributors to the union precisely because the leadership at the time and I don't want to draw too much but what I am trying to defend, the philosophy today when you discard people to one side and accuse them and label them and that is what I have to defend because I see a reflection of the hurdles that some of us had to go through and I just want to say that one has to ponder and think about the implications when one makes a political decision as to the consequence for the future. Therefore I am just going to say that in relation to what has been said I am not here to defend Mr Netto, Mr Netto can quite clearly defend himself. What I am here for, Mr Speaker, is to look at the Estimates and look at the philosophy of the Government from a political point of view. As I said last year, I went into an analysis of what has led Gibraltar into the situation that they were in and I tried to be as fair as reasonable because that is what we have to be as politicians, as honest and as truthful as possible. The Hon Minister for Economic Development agreed to some extent on the analysis that I had made. Precisely because of that, when we come here today and the Government comes up with two versions of the situation because I am not quite clear which is the authentic version. The Hon Financial Secretary starts off giving an analysis of the economic situation of the Government resources which we entirely agree with because it is precisely what we have been saying for a number of years through the views expressed by my colleague the Leader of the Opposition and so for the first time we see that Government are not so much resisting portraying the economic situation that they are faced with but on the other hand we are getting the resistance - what my colleague said about what the ordinary people in the street think - he is quite right, there are a lot of people thinking that because the Government, some of them, and I will obviously qualify this by some of the facts I have here, are actually saying and the Minister for Economic Development

finished up painting the picture as rosy as possible, giving people optimism which is in direct contrast with what we have in front of us today which is a deficit and a possible wait and see policy. When we talk about this wait and see policy where does that wait and see policy derive from? It derives, first of all, because the Government makes the political decision in 1983/84 in resisting the Dockyard closure, the Government makes a decision in their negotiations with the British Government of accepting a package of £28m plus acquisition of MOD land are the way forward for the re-orientation of the Gibraltar economy from a Defence economy to one of the Gibraltar Shiprepair Company and tourism, that was the link with the acquisition of certain lands. But we have always argued that the constraints that we have had to face during the many sieges which the Hon Member has referred to, have been one not so much of external factors, they have been because of the foreign policy in relation to Gibraltar and at the end of the day when changes have to come about they have to come about in a way that will give Gibraltar the opportunity to re-orientate. The question is whether that package will or will not be sufficient to put us on the road to recovery but it had to be linked to the frontier opening, of course, because very little can be done unless the frontier opens. The vital link in the strategy of the Government is not talking about what is heard so many times about development in the private sector, about what can be done or what cannot be done, the strategy was that the frontier had to open and that expansion cannot take place unless the frontier opened and there is expansion in the area because Government has accepted the Brussels Agreement. I am not talking about the political implications in terms of sovereignty I am talking about Government's declared statement of regional cooperation in the area. When we talk about internal development, when we talk about internal hope we have to take into account the possible steps which are taken on the other side in relation to the development which is going to take place in Gibraltar because regardless of what the euphoria is or isn't Gibraltar is limited as to what can be done and now we see the philosophy coming through which had been resisted up to now from what I have seen from Government statements, that we are now going to turn towards specialisation in Gibraltar. We are going to specialise and sell Gibraltar as a specialised resort or a specialised place to visit, not necessarily that it has to be a resort, there may be other reasons for having a specialised service and that is what I think is in conflict with what the aspiration of the Government in future is because in specialising and developing economically in a specialised way we are still going to have to produce revenue at the end of the day which is going to erase deficits and is going to put us on the road to paying back loans and debts that we have to pay back and that decision has been made, that is what is coming across from the Government. The moment that there is or there

may not be but I tend to think that there is going to be expansion on the other side, it may well be that unless we do that tightrope walk that we are doing now, we may well find that expansion takes place twice as fast on the other side than it does on this side and we may well find that we will lose out in the end. That is why this side has never accepted that we have had a fair deal and the Government have accepted it so they must have thought they have had a fair deal in these final negotiations that have taken place with Her Majesty's Government to assist the Gibraltar economy to re-orientate. I don't think there has been enough planning and thinking because in our assessment it needed more time and it needed a programme of X number of years. Despite what has been said the fact is that the Estimates in front of us today, we have to see what develops from now on, but the fact is that the Estimates in front of us today show an increase in the economic crisis that the Government are facing, that is a fact and, of course, clearly, as has already been shown the burden on the taxpayer and other members of the community has in no way had any relief, in no way at all. All we are trying to do is a holding operation and we have to wait and see. There is no doubt and I don't think it is something that we ought to play down in any way because it is good that there ought to be a feeling of euphoria in Gibraltar. Having been restricted and seeing the changes it is healthy that people should continue to believe that things are on the up and up because that is the general impression all round. Whether some people think the Government are going to lower income tax or not is a matter for debate but the thing is that there is euphoria and considering that last year the Government were arguing that there was an uneven expenditure in relation to people spending there and those that are actually spending in Gibraltar and that the Dockyard was not functioning, it is a sort of a backlash which is understandable but now people are beginning to think that things are on the up and up but the deficit is there and the deficit will continue, that is the point. What have we got from what has been said up to now that will show people, that will convince people to hold on because we have to wait and see? What decisions have Government taken? I think it is clear that one of the effects of the changes which have taken place is the fact that people are spending more money in Gibraltar and I think we can literally pinpoint them as being the shopping excursionists in Gibraltar as against any other category visiting Gibraltar, they are the ones who are spending their money in Gibraltar. But I pose the question; next year because we are thinking ahead and I am sure the Government is also thinking ahead on the question of which way to go and what direction to take. Next year Spain joins the EEC and on joining will need to reduce their tariffs and we accept that Spanish entry is something that is going to happen, there is

no doubt about it, but equally we know that the Spanish market as is normal when you join a bigger market is going to be thrown open to British goods, it is going to be open to German goods, it is going to be open to Italian goods and so on. The very products, Mr Speaker, that we know shoppers at the moment cannot buy in Spain or if they can buy them in Spain they are much more expensive than in Gibraltar because of the external tariff which they have to go through in the Spanish economy. But we know that that is due to go and we do not seem to have a plan, we haven't heard anything being said by the Financial Secretary to deal with that sort of situation and I am wondering what the implications of that are going to be. That is why in not trying to do an exercise in a haphazard manner, that is why we said and we have maintained since 1980 and we see no reason for us to change that attitude or that position, that we should have looked at our membership of the EEC and once in a while I will bring it up because I still think that we were right but there is, of course, no question now whether Government wants to or not, of re-negotiating our terms of membership of the EEC and certainly it would be silly to think that it can be done with Spain being inside. We feel that in practical terms Government lost the last card in this respect and time will tell whether they are right or they are wrong but I also question where is this confidence reflected in the estimates which Government have put in front of us today. I wonder, should something go wrong or something not materialise because we accept and I am sure the other side accepts that we are walking on a tightrope, I am wondering what is going to be our fallback position in this gamble that is taking place because it is a gamble, it is an enormous gamble. The Hon Financial Secretary says no and I hope he is right. The Hon Minister for Economic Development who I don't often disagree with, I must be honest about that, and he has repeated it again, he said it in the Heritage Conference, I have got it here written down. He said: "There is every indication that Gibraltar is moving into a new era and that the totally open frontier has clearly opened up an exciting potential for economic growth and I am particularly conscious that in a wake of a possible economic boom", and so on. When I say that I was wondering what the Minister was really talking about because having seen the estimates, having listened to what has been said, it certainly is not reflected in the estimates and in the way the expenditure is being put in front of us today. This actually makes me wonder, Mr Speaker, whether Government are being deliberately conservative in their estimates, I don't know, we will have to see, but it may well be that they are and that therefore that is why there is that confidence that at the end of the day things are going to work out, certainly in the next twelve months, I don't see it. The other statement that he made, and he repeated it again today, is that Gibraltar hasn't got so much a problem of encouraging development but to control it. I venture to ask

whether in fact we are turning away developers in Gibraltar.

HON A J CANEPA:

If the Hon Member will give way. I was saying that against the background of a situation where in particular between 1980 and very recently, we were putting out to tender one site after another and we were getting little or no response. Now the situation is completely different, now that we don't have a lot of new sites until we get some of the MOD land because what we have has already gone out to tender, we have very many people interested in investing in Gibraltar, many prospective developers who are coming around looking for an opportunity to invest. I was also referring to the fact that in the past we didn't want to put too many constraints from a town planning point of view because they would inhibit development. Now it is the case of perhaps having an opportunity because there is such wide interest in developing, in putting some constraints so that we don't get slap bang in the centre of the City and I referred to the Dallas-type office block that we see at the beginning of that wretched television series, with all due respect to the ones who enjoy it. That was the background against which I was making those remarks.

HON M A FEETHAM:

The point that I wanted to make actually and I see no reason why I shouldn't make it, is that if we are having so many people wanting to develop in Gibraltar and we are actually trying to control it, I see no rational argument in having brought the amendment we did in the last meeting of the House to give more incentives to people. The Development Aid (Amendment) Bill which we brought to the last meeting of the House was giving more incentive to people to develop in Gibraltar, was that not the case?

HON A J CANEPA:

For home ownership.

MR SPEAKER:

Let us talk across the floor of the House.

HON M A FEETHAM:

In the same statement to the Heritage Conference reference was made to the review of the City Plan but the fact is, Mr Speaker, that the City Plan has been there since about 1976, about nine years, and only a small part of the actual plan has been put into effect. What does that mean, that the

Government is now going to go ahead with the City Plan or not going ahead with the City Plan? What does it mean? One would like to see that clarified not in a Heritage Conference but in the House because it is important to know what the strategy is.

HON A J CANEPA:

If the Hon Member will give way. The Heritage Conference was about town planning so the City Plan in that context acquires a much greater importance than what it does here. My address to this House was more about the economic approach rather than about the town planning approach. Mind you, it is relevant, the City Plan of course does have a bearing on the economy and economic policy has got a bearing on town planning policy. The position with the City Plan is that the present City Plan dates from 1976. In the normal course of events it should have been reviewed in 1981, five years later, but the development and Planning Commission has been extending the period of review precisely because of the changes in the economic circumstances of Gibraltar that have been taking place; the Lisbon Agreement in 1980 with the expectations that the frontier would open, the closure of the Dockyard, the release of MOD land in the context of the Dockyard package, the non-opening of the frontier in 1982, the partial opening of the frontier with the expectations of a full normalisation and so on. We have had to wait for all these matters to work their way through otherwise you would have been reviewing a City Plan that would have been out-of-date shortly afterwards. Now that these matters appear to be settled, I think the town planners can get down to the business of reviewing that City Plan and of coming up with an instrument of planning policy for the next five years and this is what we were referring to.

HON M A FEETHAM:

That is what I wanted to know and now you have told us what you intend to do and now we know where we are, back to square one, and now you have got to plan ahead, this is what in effect you are saying, that the City Plan no longer exists as such and you are going to do a new City Plan.

HON A J CANEPA:

Mr Speaker, there is one, the City Plan under the Town Planning Ordinance is the statutory instrument of policy which lays down the planning guidelines as of today and until that City Plan is reviewed, town planning policy and town planning decisions have got to take place under the ambit of the existing out-of-date but valid 1976 City Plan.

HON M A FEETHAM:

Mr Speaker, reference has been made on import duties by the Financial and Development Secretary. I have to question the estimates which show an increase of about 10%, which does not reflect a major shift in revenue through import duties and, of course, it does not suggest at this point in time that there is an economic boom in terms of sales to tourists, at this point in time it doesn't reflect that at all and if I recall, the message last year was that they were dropping import duties to revitalise trade. That was the message put over to us last year. They certainly do not seem to be showing the necessary effects because of this change. A 10% yield in revenue could very well come about by merely a small increase in employment and consequently the spending power that comes out of that. The new figures do not in any way demonstrate that we are going to have, according to Government, a tourist boom. I am talking about Government revenue and its ability to spend money, that is what I am talking about. An important aspect which seems to have been left to one side has been the question of the Port Study which has remained confidential for a very long time of which very few people seem to know anything about because from what I understand from what has been made available to us of the Port Study Report, there were certain recommendations of the impact on the Port in relation to the frontier opening and certain steps that needed to be taken.

HON A J CANEPA:

If the Hon Member will give way. What has been made available to them?

HON M A FEETHAM:

The Report.

HON A J CANEPA:

Well, then why does he say 'of what has been made available to us'. Is it the full Report or isn't it? I want to know.

HON M A FEETHAM:

Yes, the Report was made available to my colleague. What is the problem, one word less or one word more.

HON A J CANEPA:

The problem is, Mr Speaker, that he gives the impression that they have had an expurgated version of the Report and I don't

know, I am being honest, I don't know what has been made available. I am asking in order to enlighten myself, that is all.

HON M A FEETHAM:

And I am telling you that the Report was made available to us but we do not know what has been decided on the Report. I don't know whether you have made any decisions or you haven't made any decisions. What I am saying is that as the Report was only made available to us a few months ago, that there are recommendations there on the impact of the frontier opening on the Port and what I am asking the other side since nothing has been said about that and, surely, according to past statements of the Government the Port development was one important aspect of the overall economic development of Gibraltar and certainly plays a part in the development aid negotiations or at least what the Government wanted to do in relation to requests for development aid, some money was geared towards the Port.

HON A J CANEPA:

The Viaduct.

HON M A FEETHAM:

And the reclamation.

HON A J CANEPA:

No, no money was given for the reclamation.

HON M A FEETHAM:

I know that but I am saying that the philosophy was there to develop the Port and there were a lot of things to be done and what I am saying is that the Port Study Report makes certain recommendations relating to the opening of the frontier and what I am asking the Government is do they intend to go ahead with developing the Port or do they intend to make a change in their policy and take note of what has been said in relation to the Port Study Report.

HON A J CANEPA:

If the Hon Member will give way.

HON M A FEETHAM:

Let me finish, I have given way to you a few times.

HON A J CANEPA:

But you are asking questions, do you want answers or not?

HON M A FEETHAM:

There are other people who, perhaps, can answer.

MR SPEAKER:

Order. You will continue your speech and address the Chair,

HON M A FEETHAM:

Thank you, Mr Speaker. I think we need to know because when we talk about import duty and when we talk about growth and so on, we need to know what the overall strategy of the Government is and there is no doubt about it that there is a marked shift that is why I am asking the question, there is a marked shift in imports coming overland and I would have thought that by now we should have been in the position to make decisions as to what we want to do with the Port in relation to the changes that are taking place as a result of the opening of the frontier and this is what I want answered by the Government at some time or other during the course of this session. Ship registration is another matter which has not been mentioned which must also, presumably, be part of the strategy of the Government in terms of its broad analysis for the future although I still don't quite understand what they want to do but I am saying this is one of the things that the Government said and has been talking about since 1964. The Government of the day at that time said that they wanted to make a major effort to get ships registered in Gibraltar and I am asking, because we are 21 years late and nothing has been done about that, if this is not typical of Government in the way they approach haphazardly their policies. One day they say one thing they stop, they do something else, there is no comprehensive approach at all to the development that the Hon Member opposite has been trying to preach in this House for some time now.

HON A J CANEPA:

But not since 1964.

HON M A FEETHAM:

Certainly not. I am talking about the Port and I am bringing that under the Port because you have made no reference to it at all and I would assume the Port is an important aspect of what you intend to do with Gibraltar in the future. Then we

come on to the employment situation and one tends not to take for granted everything that the press says because the press are perfectly entitled to say what they think they ought to say and reach the conclusions that they are quite entitled to reach but when the press quotes Heads of Departments and, of course, Ministers, one assumes that the newspapers, responsible as they are, have actually got the quotes from the Minister and so on and the impression I get from the Labour Department is that all is well on the unemployment front and if that means that we are actually having a drop in unemployment, it must be taken as being a good thing but when you look at the analysis of the unemployment situation and you look at the hopes for the future in terms of employment and you look at the expansion that is going to take place and we get the Minister about five months ago making an estimate that he expected 1,000 new jobs

HON A J CANEPA:

And he may be right.

HON M A FEETHAM:

It may well be, Mr Speaker, as the Hon Member has thought fit to say, it may well be 1,000. Actually the Member opposite has said 4,000 today, he has said that it could develop into a situation that instead of having 11,000 it could even get to 15,000. Wishful thinking, Mr Speaker, wishful thinking.

HON A J CANEPA:

That is very unfair, he has twisted my remarks, that is very unfair.

HON M A FEETHAM:

Mr Speaker, I am prepared to give way and then he can say what he means.

MR SPEAKER:

No, you will continue your speech.

HON M A FEETHAM:

What is happening with the unemployment situation? Mr Speaker, I have here the figures and information that is made available by the Labour Department and we know that there has been a drop in the unemployment situation in relation to the

Gibraltarians in the labour force. We know there has been a drop, I wouldn't say an extensive drop, there has been a drop, but we also know that the shift in its employment pattern is swinging in line with the changes that are taking place and we find that the employment pattern is going into those areas where one would classify in relation to the past pattern in Gibraltar as being specialised trades, barmen, waiters and that sort of thing and we note that the increase in work permits that is taking place actually substantiates that the expansion which is taking place is in relation to jobs which hitherto have not attracted and will not attract the Gibraltarians who at the moment are unemployed and any unemployment which materialises in the future because the signs are, in fact, that there will be in the short to medium-term more Gibraltarians made unemployed by the official departments. We could find ourselves in a situation that as far as the employment situation is concerned the trend upwards is going to be on imported labour rather than a shift away from what has been known traditionally as the local market in Gibraltar. There is a logical reason for that and, of course, the logical reason for that is that when you pursue the changes which have taken place this is the price that we have to pay for making the wrong decision and the wrong decision is an educational one and it goes way back to 1968 when quite a few recommendations were made which never saw the light of day in terms of educational policies and the need to pursue a forceful policy in promoting people towards touristic orientated jobs. We tried it once, it failed the first time so we didn't persevere and we have had most of the Gibraltarians employed on jobs which they will not be wishing to take up in the future and that is the pattern that is going to continue for some time. When the Hon Member opposite referred to the private sector and referred to the wage increases and the negotiations which are taking place with the union in relation to the shop assistants as an argument that things are getting better and employers are paying more money, in relation to employment I wonder why Government has not gone ahead yet and introduced the legislation to protect the whole private sector and not those who are covered by union agreement in relation to introducing the minimum wage which has been recommended to the Government since October. Mr Speaker, there is no doubt that Government are, in effect, walking on a tightrope and our concern is, and I do not share the optimism of the Hon Financial and Development Secretary that his juggling of figures and his hope for the future is in fact going to work out, that is my opinion. It is not going to work out because we are going to be caught between the devil and the deep blue sea, we are going to be caught between the need to cover deficits and we are going to be caught in a competitive situation that before we did not have and that is that the opening of the frontier will begin to work against us,

Spanish entry will begin to work against us and Spanish expansion in the area is going to begin to work against us because at the end of the day we have not had the tools to re-orientate our economy. The Government who are quite satisfied and have declared themselves quite satisfied with the package, will not on this occasion because they haven't done it, we will have to wait and see, will have to accept that some way along the line they are going to have to pay back to people all that people have been putting into Gibraltar in terms of heavy taxation, in terms of rents and so on. People expect money to be given back to them and some way along the line they are going to have to give it. I only hope that the steps which Government are taking today will materialise but I do not think so, Mr Speaker.

HON G MASCARENHAS:

With your indulgence I shall limit myself to the general principles and I will give an outline of my Departments in the Appropriation Bill. Both speakers on the other side up to now have taken us on a trip down memory lane. The Hon Mr Feetham has been the winner because he took us back to 1964 whereas the Hon Leader of the Opposition only took us down back to 1973. I believe that everyone likes to be nostalgic, the big difference between us is that on this side whereas we can afford to be as nostalgic as Members opposite can be, we have to be more practical and in being practical with this budget we have also had to be very cautious, cautious in the direction and the way that we move forward. The budget has been described as a wait and see budget by Members of this side and certainly it is a wait and see Budget there is no doubt about that. The Financial and Development Secretary described it as wait and see but he went a little bit further, he said 'trust me'. When I say 'trust us' I think we have to look on the basis of judgement, judgement on the question of commercialisation which can still go wrong, there is no doubt about that, we are not over the hills yet but the indications are there and the indications are good. On the opening of the frontier, I think we have the same basis as we had with the commercialisation, on that I think the results have proved to be beyond expectations at least from the touristic and the commercial side. The number of people coming into Gibraltar and spending money is not a fallacy, it is there and it is a reality. However, that money is still not filtering through to the Government coffers and therefore there has to be a wait and see attitude from the Government because we at the end of the day have to govern and have to govern for the people, generally, and we have to govern responsibly. It is very easy for the Opposition who haven't got the responsibility to be able to accuse us of all sorts of things. On this side of the House

we have to be a little bit more sober. We are facing a new set of circumstances, a completely new situation, as in 1969, completely different. Tourism has changed in 16 years quite considerably because the people who came on holiday to Gibraltar in 1969 were far wealthier than the people who come on holiday to Gibraltar in 1985, there is no doubt about it - the bucket and spade brigade - and these people come into Gibraltar and probably haven't got a penny to spend in Gibraltar. Yet they come in and we do provide services in Gibraltar for them even if they have just one coffee in Gibraltar. The new strength in tourism is therefore quite substantial where you have a substantial number of people who will spend very little, there are a considerable number of people who will spend a lot. Going back to 1969, of course the Spaniards' ability to spend money was virtually non-existent whereas today the Spaniard is a very real market for us and I think that has been proved by the amount of money that they are spending particularly on foodstuffs, that is something that we can substantiate, probably they are spending money in other sectors which we cannot substantiate and I mean by that the jewellery trade and other sectors. I did say in December, 1984, that we were well placed and that the Gibraltarian generally was well equipped in business skills to be able to compete and I didn't mention a certain shop in Main Street but I am glad to say today in April, 1985, that I was totally vindicated and I think the Hon Member sitting on the extreme left, the Hon Mr Baldachino, will recall that I did mention that and I was right, that shop has done tremendous business and all other grocery stores are doing pretty well. I think that Members opposite must understand the position of the Government however much they try to paint another picture. We are facing a situation which can be quite dangerous for us if we start to give goodies before the money is actually in the coffers. I agree with Members opposite that there has to be shift from the public to the private sector in the future, that is happening today and the tax burden on the private sector has to drop quite dramatically. That shift has to be an aim of policy of the Government in the future, there is no doubt about that whatsoever, Mr Speaker. If the present boom continues and visitors do continue to arrive in Gibraltar, one, is not clairvoyant and what the indications will be this summer as opposed to February and March which are supposed to be the lowest of the low season when less tourism is supposed to come into Gibraltar, it is difficult to gauge, I don't think anybody can tell at this stage, but if the indications are that business people and tourists coming into Gibraltar will increase by double, even triple, then I think that the Government will be well placed for the budget next year to be in a position to be able to review policies as they stand at present. I think that one thing is quite clear and although there has been

a drop in the standard of living by 4%, the quality of life of a Gibraltarian I think remains unaffected, on the contrary I tend to think that it has quite dramatically improved in recent months and I have a quotation here which might interest Members. It was made when the Chinese Government changed over from a very Communist society to a semi-Communist society and they qualified it by saying that their reason for doing this and changing what Mao had said for the past thirty years was that the contemporary lives of the citizens had to be enriched and I think that today even if that is not entirely correct for Gibraltar at least the contemporary lives of Gibraltarians has been that bit more enriched and, hopefully, if the financial situation over the next twelve months is to improve and there is no doubt that it will, then the contemporary lives of the Gibraltarians will also be improved.

HON R MOR:

Mr Speaker, as I was coming to the House this morning a friend of mine stopped me and the first thing he said to me was: 'I have just seen Brian Traynor with his hands in his own pockets for a change'. I think my friend had obviously just finished reading the Chronicle.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, could I ask the Hon Member if that was before I made my statement or afterwards?

HON R MOR:

I think it was on the strength of the Chronicle article. I don't believe that my friend meant any personal attack on the integrity of the Financial and Development Secretary, he was obviously joining in the general speculation which arose as a result of so many tourists and so many visitors and so many cups of coffee being sold. Whilst on the subject of the Financial and Development Secretary, Mr Speaker, you may recall that the last motion which was debated in this House was a censure motion and you will no doubt recall how the Hon Member withheld perfectly and, to my mind, not with the best of intentions, information which was in connection of how rates were calculated and I think what he has, in fact, achieved is to knock off an hour of the Hon Mr Bossano's speech today. What was surprising in relation to this case was that the Financial and Development Secretary was aided and abetted by the Attorney-General on this issue which quite surprised me because at about this time last year my Hon Friend Mr Feetham had actually upgraded him to the status of a full Gibraltarian. But there was also another particular aspect in relation to

this motion and that was that one of the Government Ministers refused to vote on this censure motion. I would have thought that in a situation like this, if this had happened anywhere else in the world, I think it would have created a scandal but, in fact, the media in Gibraltar, surprisingly, never even raised the matter and I suppose by saying this I may be biased and I suppose it could also be a question of priorities, it could well be that the media here feels that what the Hon and Learned Chief Minister had for lunch at the Almoraima had a higher priority than what goes on in this House. But, anyway, Mr Speaker, since the Financial and Development Secretary is so fond of quotations and he has delighted us on so many occasions, if I may draw his attention to a quotation which is attributed to the late Robert Kennedy and it says: "Always forgive your enemies but never forget their names". I think that neither my colleagues nor myself are likely to forget the Hon Member's name. During his contribution this morning, Mr Speaker, the Financial and Development Secretary drew attention to the miners' strike costing the loss of 1.5% of the national output in UK. I wonder, Mr Speaker, whether the Hon Member can enlighten us and tell us whether the red boots issued to policemen in Nottingham so that the bloodstains of the miners could not be detected, if that is included in the result? If I may go on now, Mr Speaker, to matters related to the Department of Labour and Social Security, I notice that the Hon Minister is not here, it is a pity or if he is here he may even be asleep.

HON CHIEF MINISTER:

We are dealing with the Finance Bill.

HON R MOR:

I think there is one important aspect in relation to his Department because we have had confirmed that as soon as Spain joins the EEC that Spanish workers will have to be allowed family allowances with respect to any children they have who live in Spain and I hope that the Hon Member will, when his turn comes to speak on the subject that he will let us know and confirm this and, perhaps, he may also let us know whether the Moroccan delegation which he saw recently had also raised the matter and whether Moroccan workers will be entitled to this family allowance.

MR SPEAKER:

Do you propose to speak on the Appropriation Bill because we are on the Finance Bill now and I think we are talking about expenditure more than on revenue.

HON R MOR:

I was just giving him notice actually, Mr Speaker.

MR SPEAKER:

But we are now doing the Finance Bill.

HON R MOR:

Well, Mr Speaker, in that case I think since the notes I have here are related to different departments, that I will leave it until we are on the Appropriation Bill.

MR SPEAKER:

Precisely, unless you want to deal with the revenue raising matters.

HON M K FEATHERSTONE:

Mr Speaker, taking a leaf from the Hon Mr Bossano's book I am going to be very brief indeed. I would just take a little issue with the Hon Mr Feetham where he didn't seem to like my colleague, the Hon Mr Canepa's remarks about certain elements of the TGWU giving out a Marxist-Leninist line. Well, perhaps, the TGWU have the blame to lay at their own door because they did produce a memorandum to the Government and they prefaced it by saying that we were following Thatcherite policies so perhaps it is a question of the pot calling the kettle black. But be that as it may, Sir, the approaches of Financial Secretaries at budget time have varied over the years. We had one Financial Secretary who, I think, would have liked to have had six months reserves. Another one had to content himself with what was claimed to be four days reserves. I think the present Financial Secretary is looking at the matter with a very clear eye and he is basically interested in seeing that he maintains liquidity which is the essential of life today. I would take a little issue with the Hon Mr Mascarenhas, I would not say this is a wait and see budget. Wait and see is an expression which normally gives out the idea that you don't know what is going to happen, you are sitting back hoping that it is going to be good, wondering if it is going to be bad, really in a state of complete un-understanding of the position. I would say this is a budget of cautious optimism. It must have optimism because we are not a callous Government nor are we foolhardy and if we are going to go into deficit financing and borrow money to pay for current revenue, we must have expectations of being able to repay those loans so unless we, as I say, were completely foolhardy or callous, we must have

some basis under which we think those loans will be repaid in the future. You would be a foolhardy businessman if you went to the bank and said: "Lend me money which I am never going to repay you", I would just like to pose one question for the Opposition to ponder upon. What would have been the position in this budget if we had not supported the opening of the frontier on the 5th February, if we had not supported the Brussels Agreement, if we had said: "No, let us wait till the end of the year"? Then you would have had a budget of real gloom and despondency, a budget under which possibly we would not be able to maintain our social services to the high standard that we are maintaining them this year. I think the Government much to the Opposition's displeasure, showed great foresight in the January debate when we did pass the Bill which agreed to the Brussels Agreement and the opening of the frontier as it has occurred. As I said, Sir, we have cautious optimism. Our tourist trade is improving, we hope it will improve even to a greater extent during the summer months. Our hotels are doing better than they have done for a long time. Gib Ship-repair is gradually gaining strength and all this leads us to have cautious optimism. I think it is not a question of wait and see, it is a question of being prudent, a question of keeping our belt tight for the time being, wait until next year when the situation is much more clear when we hope that we will be in a much better financial position when we hope we will be able to give some of the goodies that we would have liked to have given two or three budget's ago because we did have a plan for income tax, as the Hon Mr Canepa said, which we started in 1981 but with the hold-ups of the opening of the frontier, the non-response to the Lisbon Agreement, the non-response because of the Falklands war in 1982, we had to hold those in abeyance but the position will come, I think, next year, Sir, I think our cautious optimism will be rewarded, it may be that caution has taken the place of liberality in estimating some of our revenues this year but if they do redound to a better extent then we will see the benefits to the budget in 1986. As I say, Sir, it is not wait and see it is cautious optimism and I am content that the Finance Bill is a wise and justified Bill. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, after listening to the Financial and Development Secretary this morning on his exposition of the state of the United States economy and with all these rumours that President Reagan was visiting Gibraltar and press reports that you personally, in a private capacity, had met with Mr Tip O'Neill I thought I was in Congress or in the Senate rather than in the House of Assembly. I am sure that if such a situation had arisen in the UK, the Hon Member opposite would have been a candidate to have his caricature included in the next programme

of 'Spitting Image'. I will deal, Mr Speaker, with several issues on the revenue side which I feel need clarification if we are to find out what Government policy actually is and whether they have estimated accurately. We have just heard the last speaker saying that had the frontier not opened and had the Government not supported the Brussels Agreement, what kind of budget would we have had to face this year? I am still not convinced that we would have been facing any different budget. What in today's budget is due to the frontier opening because there is very little and, in fact, in some instances I think that in that respect the Government is under-estimating. Looking at the Funded Services against this background, Mr Speaker, specifically on the Electricity Undertaking Fund and the Potable Water Service Fund, before one can judge whether the estimated revenue has taken into account this basic premise one must necessarily find out whether the estimates reflect the same level of consumption or whether an increase in consumption has been taken into account. The Hon Financial Secretary quoted this morning comparative figures on tourist arrivals and frontier crossings and so on prior to the frontier opening and those after the frontier opening. I cannot see these levels reflected in the estimates of revenue for the Electricity Undertaking and the Water Fund. If the same level of consumption is reflected, Mr Speaker, then there can only be two explanations for this, either the Government is deliberately under-estimating or insofar as the Government is concerned there is no such tourist boom. Insofar as Government revenue is concerned there is no such tourist boom because there is nothing in this Finance Bill that would say otherwise. To use a phrase which the Hon and Learned Chief Minister used recently 'you cannot have your cake and eat it' and I will not venture to translate it in Spanish because it sounds a bit vulgar. Either there is a boom, Mr Speaker, or there isn't and if there is this should be reflected on the water and electricity since extra consumption would reduce the unit cost of these services. By the same token, Mr Speaker, the estimates for parking fees at £95,000 is exactly the same figure as the revised estimates for 1984/85. One would have expected that the influx of tourist coaches notwithstanding the closure of the car park at the frontier, would have considerably increased revenue to Government if the boom was to have had any effect whatsoever on Government coffers. I think an explanation on these points is therefore warranted. On a completely separate issue, Mr Speaker, Government is estimating to receive £50,000 in revenue under Head 6, subhead 59 - Motor Vehicle Test Centre. During the year we suggested from this side that a Special Fund should be set up for the Vehicle Test Centre and this was rejected by the Government. Since the Hon Mr Featherstone said in the House that the Centre would be expected to make a loss in the first years of operation and gradually arrive at a position when it would break even, I would ask the Government to make

available the income and expenditure figures from the date the Station was completed so as to be able to identify what the £50,000 means in relation to costs. Moving on to another point Mr Speaker, the Government brought a Bill to this House at the last meeting reducing salt water charges from 12.5p to 2p in the pound. The estimated revenue this year has therefore dropped to £114,300 compared to the revised estimates for 1984/85 of £346,600. Whilst we are not suggesting that the Government should increase the charges, taking into account the continuous increase in salt water charges from 1972 to 1973 when revenue was £32,808.19, I think it is fitting to ask what the Government policy is on this issue. Is this just another tax or is it actually related at all to the cost of providing that service to the consumers? Mr Speaker, although I will deal in depth with the question of the debts in the Appropriation Bill, of the debts that have been written off, I think there is a point to make in what the Hon Financial and Development Secretary mentioned today in his speech in that if the amounts he quoted in his speech of the debts that have been written off are correct, the amount of money that has been voted in this House exceeds the amount of money that has been written off - and I am prepared to give way to the Hon Member - but I would expect that the revised estimate for 1984/85 should be changed and take this into account because I think the example the Hon Member quoted was on the telephones. He said: "The deficit for 1984/85 which is greater than would have otherwise been the case, because of the write-off of some £27,000 of bad debts - the provision was £55,000 - will be carried forward to 1985/86". The figure in the estimates is £55,000 and the figure to be written off is £27,000 so I think that the estimates are wrong in relation to that. Mr Speaker, in conclusion the Hon Financial and Development Secretary said: "It would be fair to describe this year's budget as a wait and see budget". In fact, other Members of the Government seem to disagree with that philosophy and then he goes on to say: "If memory serves me right it was the Liberal Prime Minister, Asquith, who was associated with that remark whereas it was Stanley Baldwin, an arch Tory, who was famed for "You can trust me" and I will leave it to the House to decide. Well, Mr Speaker, since he was in fact provoking an answer, my own view of the situation is that it certainly is a 'wait and see' budget and that our philosophy and our point of view which we put across during the debate on the Brussels Agreement that the Government had not quantified the effect at all of that Agreement is true today because nothing is being reflected here, no account or very little account whatsoever is being taken of the opening of the frontier if it is true that this big economic boom is going to affect Government revenue. The effect of that should have been included in this year's estimates and there is very little of that. I think it certainly is a 'wait and see' budget rather than a 'trust me' budget, I would certainly not trust the Hon Member with a barge

pole but that is a different matter. Mr Speaker, the last speaker, the Hon Mr Featherstone, said that it was a cautious budget, an optimistic budget. What would have happened had the frontier not opened? Well, none of this is being reflected. In fact, the Government has come to this House on a new economic climate with no Finance Bill and the Finance Bill is what projects the economic policy of the Government for the year ahead and in having no Finance Bill at all they are just saying that they have no economic policy at all and that they are just expecting to see how the wind blows and how the revenue and the expenditure of the Government will be affected by all this. I am afraid that I cannot trust the Government like Mr Mascarenhas asked us to do and I would rather wait and see and we will have to wait and see next year in what mess we are in because as the Hon Financial and Development Secretary said this morning, the financial position of the Government is very serious indeed and we have been saying it on this side of the House prior to our being elected when Mr Bossano was alone and then last year when we were all elected we warned the Government on the serious financial situation that the Government is in and that is reflected in this year's estimates and you haven't been able to hide it because you have had to admit it this year. Thank you, Mr Speaker.

MR SPEAKER:

Are there any other contributors on the Finance Bill?

HON J L BALDACHINO:

Mr Speaker, I tend to disagree even with the Hon Member on this side of the House that this is a 'wait and see' budget. I think it is more of a political budget than anything else and by a political budget I mean that the motivation of the Government adopting this policy is one of public opinion rather than anything else. When the Brussels Agreement was being debated in the House, Mr Speaker, the impetus that the Government was giving for accepting the Brussels Agreement was more or less that it could generate more money into our economy because we could get more tourists coming into Gibraltar, the commercial dockyard would be in operation and then in that way it could generate more money in other ways. The Hon Mr Featherstone, Mr Speaker, asked where would we find ourselves if the Brussels Agreement had not been signed. The answer is, in the same position that we find ourselves today, Mr Speaker, we are almost bankrupt. In that context, Mr Speaker, I think it is more a political budget than a 'wait and see' one. What we have to wait and see, Mr Speaker, is once Spain joins the EEC what effect that will have to our economy which was the impetus we were then giving to the Brussels Agreement. The Government, Mr

Speaker, has also brought to the House and I think it is to create an atmosphere where people can buy their own houses, a reduction of 10% in the general rates. Mr Speaker, this side of the House is against that because we do not think that that will generate any more or it will not make people buy their houses in any way. What happens there, Mr Speaker, is and this is where we don't agree on the general salt water rates being 10% less for people who buy their own houses is that this is based on the area of the house and therefore people who can afford bigger houses will benefit and the fact is, Mr Speaker, that those people on the lower income bracket who cannot buy their own houses even if they wanted to because one thing is if you want to buy a house and another thing is if you can afford to buy a house, will, in my opinion, be subsidising those who can afford to buy a house so, in actual fact, Mr Speaker, even though what the Hon Leader of the Opposition proposed to Government that it should be on the actual price that one pays for the house there you could create an incentive and this one does not create any incentive, Mr Speaker, all it is doing, in my opinion, is that it will reduce the rates for those people who can afford houses and not to those who cannot afford one. I would like to touch on a few points that the Hon Financial Secretary has made and ask for clarification. Mr Speaker, in looking at the accounts this year it is obvious that there has been a revision by the Government of the policies they have been following as regards amortization. We can only assume that this is the realisation on their part that the criticisms that the Opposition has been making during the year have been well-founded. Nevertheless, Mr Speaker, we need a breakdown of how much of the increase shown this year is due to the arrears of interest and how much there is due in one year so that we can estimate what is likely to be due the following year. For example, how much of the charge included this year is in respect of 1985/86 and how much of it is in respect of the previous year? The other point, Mr Speaker, that was made by the Opposition was the question of the sixty years. The Financial Secretary has said that the original 3% was on the assumption that a house should be worth 50% of the cost of building them at the end of the sixty years period and that this is no longer valid on what is now known about the eventual value of modern houses after sixty years. Mr Speaker, how can the Hon Member in this context, defend the amortization of the external cladding of the Tower Blocks over sixty years? If he is saying that how can he defend then that the external cladding of the Tower Blocks should be over sixty years if the argument of the sixty years has been put in question by the Financial Secretary in respect of new buildings, Mr Speaker?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. I think there are two separate

points here, Mr Speaker, one is the question of residual value at the end of sixty years which is what I covered in my speech and I think it was that which I said, if one were to assume 50% it is an increasingly doubtful assumption and the other, which I think is the one the Hon Member is talking about, is the choice of a sixty-year period for depreciating or amortizing buildings and, of course, we don't contemplate any change in that.

HON J L BALDACHINO:

In actual fact, Mr Speaker, he will be sticking to the sixty year period for the cladding of the Tower Blocks. We would also like to know if this sixty years will also operate in respect of the houses they are planning to sell in the next twelve months, Mr Speaker. I would now like to mention that the fact that the Government have only now and as a result of our questions in the past year realised that their accounts were not giving a true picture, this proves that they have not got a long-term policy on financing houses and of solving the housing problem that we have today in Gibraltar and I will be dealing with this aspect in my contribution in the Appropriation Bill and before I finish my contribution, Mr Speaker, I would like to answer the Hon Member opposite, Mr Mascarenhas, that I am not sitting on the extreme left on this side of the House.

HON CHIEF MINISTER:

It all depends from where you look at it.

HON J L BALDACHINO:

But, anyway, politically, Mr Speaker, I know where I stand within the left.

HON MISS M I MONTEGRIFFO:

Mr Speaker, I will be limiting myself to refer to one specific point related to the estimates of revenue. As far as we are concerned we are looking at the estimates of revenue in the context that the Finance Bill is defended by the Government on the basis that they need so much money to achieve a certain level of resources and that the level depends whether you have a surplus or a deficit taking expenditure and income together. We are looking at the income estimates in relation to whether there is anything substantiated in the Finance Bill or not because in our opinion the Finance Bill is dependent on how accurate the estimates of revenue are without having to raise anything. What appears to be changed from last year in Government's revenue estimates with regard to medical services is the fact that under Head 6 - Departmental earnings, subhead 16 -

Hospital Fees, there is an increase of £118,000 and we would like the Government to explain on what basis they are producing the increased figure?

HON J E PILCHER:

Mr Speaker, I have mixed feelings about this budget, I have heard it explained in many a way - cautious optimism, look to the future. I have mixed feelings, I feel sad and happy at the same time. I feel sad because if I can just take a quotation from the Hon and Learned Chief Minister: "One thing is inescapable, we are all in this together", and this is what makes me sad. It makes me sad that what the GSLP have been saying for the past five years at least, has now materialised and this is why I feel happy, although 'happy' must be in inverted commas, satisfied that the Government has at last admitted that they are in a serious economic situation or, at least, were last year in a serious economic situation. Quoting again the Chief Minister, he said: "We are now at a stage where our economy is like a badly damaged ship". And it gives me satisfaction, obviously not because our economy is in a bad state but it gives me satisfaction because of what the Hon Mr Canepa said that people are asking themselves 'was the GSLP wrong in all that they have been saying over these past few years?' At least it gives me satisfaction that whereas last year we were saying that, in fact, it was a very serious economic situation, this was not admitted by the governing party last year and it is only this year because they now have cautious optimism that they are now saying: "Well, last year we were in serious economic trouble, this year of course we can look ahead and have some grounds for optimism". The Hon Financial and Development Secretary said what were the reasons then of our serious economic situation, the fact that they are reducing MOD expenditure, tourism, shipping, these were all the things that we were saying last year and which the Government, in fact, were trying to cover up by saying: "We are looking ahead", and in fact almost word for word, saying what the Hon Mr Canepa said just before he finished his contribution that we have to wait for a couple of years. This was said exactly the same last year and I think exactly the same the year before although I wasn't here at that stage. In looking at the reducing MOD wage expenditure, I must bring to the attention of the Hon Financial and Development Secretary that this area is by no means ended, the fact that the MOD has reduced expenditure and, obviously, due to the Dockyard closure, is not a chapter which is over in Gibraltar's history. The fact that this has caused a great havoc in our economy is by no means that we have now overcome this hurdle. The announcement not so long ago that the Defence budget would be further curtailed by the quasi privatisation of Devonport and Rosyth and the fact that

the Defence budget in UK is being looked at critically, in fact, one of the schools of thought in the United Kingdom as far as the philistines as regards the public sector is the curtailment, the complete withdrawal of the surface fleet, this is one of the things that is being rumoured in the UK. Again I would like to point out to the Government what we have pointed out for many years and this is that when we plan ahead we must take all these things into account and I would just like to point that certainly MOD curtailment of expenditure is in the books and although, perhaps, not as drastically as the withdrawal of the surface fleet, nevertheless in the Naval Base as such we have had a couple of reviews and certainly there will be more Defence cuts on the way. This gives me satisfaction because it can be proved, obviously, as an afterthought, that what we have been saying over the past years has now, not materialised, but the Government have accepted that it was true when we were saying it and this is, I suppose, a measure in the way that the people of Gibraltar will see other things that we are saying and I will tackle certain points that the Hon Mr Featherstone made and the Hon Mr Mascarenhas made. The Hon Leader of the Opposition called this budget an 'Alice in Wonderland' budget. He didn't know how right he was when he said it because I am not a literary critic like the Hon Financial and Development Secretary but I remember that Alice in Wonderland was a book all about Alice going into this new world where everything was topsy turvy and where people spoke a lot of rubbish - obviously I am talking about Alice in Wonderland not about the Financial and Development Secretary - and it jumped to mind when the Hon Financial and Development Secretary in talking of the prospects for 1985/86 mentioned "the indications that the commercial yard faces a labour supply constraint - already, some labour has had to be sub-contracted from the UK. This, of course, reflects the structural nature of the employment problem created by the conversion from Naval to commercial shiprepair work". What is it that this was referred to in Alice in Wonderland as?

HON M K FEATHERSTONE:

Jabberwork.

HON J E PILCHER:

What a load of jabberwork. Again it gives me satisfaction to actually say to the Financial and Development Secretary that although I am not saying or for a moment putting forward the idea that the Gibraltar Shiprepair Limited will fail because from this side of the House we have said that it is very much in our interest for the Gibraltar Shiprepair Limited to actually be profitable and be a successful operation but one of the

things that we were saying when this problem of commercialisation arose was that what we should be doing was to try and use the £28m to create a shiprepair yard but not the shiprepair yard that Appledore wanted to create which was heavy or labour intensive. The figures given by the Financial Secretary himself - we are employing something in the region of 450, the expectations are that this would go up to something in the region of 600, then to 850 by the middle of the year increasing to over 1000 by mid-1986. The Hon Financial and Development Secretary must know that we don't have such a labour market in Gibraltar and that although I agree with him that in some instances a lot of people from the public sector actually moved into areas which are non-specialist, non-specialist in the field that they were accustomed to, they moved into the police and they moved into security police, etc, nevertheless we don't have 600 or 700 workers being made redundant by the Naval Base to actually employ in the Gibraltar Shiprepair Limited so obviously the option that we were saying then is that we should be able to curtail expenditure of the £28m, create a smaller shiprepair yard and use the rest of the money to create the badly needed infrastructure that Gibraltar needed for a new situation. This did not happen and as a result the £28m went into the Appledore project and now we find that we have constraints in employment and that, obviously, if you read into that you will read into the fact that Appledore or the Gibraltar Shiprepair Limited would be looking elsewhere for their labour. That creates another problem, the problem that if labour is not imported from the UK and is imported from elsewhere, Spain or Portugal or elsewhere, we will have a big crisis in our hands as regards the United Kingdom who, as I have just said before, are closing down their own shipyards, are closing down areas of the shipbuilding industry within the MOD, like Rosyth and Devonport, and who are having to tell their men that they will be made redundant. If the situation was that the £28m of UK money was being put into Gibraltar to create jobs for the Gibraltarians and any surplus of that was to go to create jobs for redundant UK workers I suppose that the United Kingdom Trade Unions might accept that but if we are putting £28m of UK taxpayers money into Appledore to create 600 jobs for imported labour then I am sure that the United Kingdom Trade Unions will not sit idly by and watch this money or, for example, the £14m of RFA work coming here to Gibraltar whilst they are sitting in redundant queues and in dole queues in the United Kingdom. That is one aspect that we did mention during the election when commercialisation was being discussed and which now, again, is true and we were saying this and now it has materialised. The Financial and Development Secretary has admitted that there are problems as regards the labour base for the Gibraltar Shiprepair Limited. Although I agree with a lot of what the Hon Mr Canepa said, the fact that we are going to put £28m to actually create more jobs for imported labour

I think will be at a great loss to Gibraltar because if we create more jobs which will produce income tax that will not balance against the amount of money from the £28m which we could have used for the infrastructure of Gibraltar. I would like to look at the other pillar of the economy which is tourism. If I could just use another quote from the Hon Financial and Development Secretary, he said: "It is impossible to say what has been the actual increase in tourist expenditure so far but the indications are that it will be double the 1984 figure". The 1984 figure he gave as £11.7m so, without being a mathematician, we come to the figure that expenditure, as far as the Government is concerned, will rise to something in the region of £23m. And then I look at the estimates on the revenue side, I look at the whole of the revenue of the Government. When the tourist expenditure is going to go up to something in the region of £23m/£24m, parking fees are down £45,000; tourism receipts are only up to £300,000 by an extra £208,000; import duty is up by £500,000 and income tax is up by £1.5m, roughly an increase of about £2m on something in the region of £24m as tourist expenditure and this produces a £3.4m deficit at the end of 1985/86 for the Government, and I ask myself and, obviously I am only asking myself I don't need anybody to answer me, what would the Government expect tourists to spend in Gibraltar over and above £24m for it to actually come in and produce something for the Government? That is why I felt so frustrated when the Hon Mr Featherstone made his contribution I am not sure but I think the Hon Mr Featherstone could not have been part in the actual preparation of the draft estimates of the Government because he is talking about cautious optimism, it is not a question of wait and see it is a question of actually waiting to give the goodies out next year. What goodies? At the end of all that we are faced with a deficit of £3.4m. Over and above the £24m of expenditure by tourists which will put into the Government coffers something in the region of £2m, you actually need another expenditure by tourists of £50m in order to produce £6m just to wipe out the deficits. I must repeat what my Hon Colleague Mr J C Perez said, where is the tourist boom? I think what the Hon Mr Mascarenhas should do is have a meeting with the Hon Mr Zammitt and explain to him that it is no good trying to attract UK tourists or German tourists or Scandinavian tourists because they are the bucket and spade brigade and what we should be attracting is the rich Spanish tourists but I always thought that it was the rich Spanish tourists who only 'spent a penny', and I use that phrase in inverted commas. Mr Mascarenhas was also talking about giving out goodies. Mr Mascarenhas talked about the quality of life and gave us a Chinese quotation which I will repeat to him but, obviously, bringing it down to the local level: Contemporary life of some Gibraltarians has certainly been improved but not of all Gibraltarians and I cannot for the life of me looking at the Gibraltar estimates

for 1985/86, say that the quality of life of most Gibraltarians will be improved next year. One of the things which I would like from the Hon Mr Zammit is, of course, a breakdown of the £300,000. It seems to me that when the frontier opened there was a lot of euphoria about, euphoria, I think, created by the Government themselves, the Government who today are saying that the people of Gibraltar should be cautiously optimistic but they shouldn't expect anything out of these couple of months because it is too early to say but the Government is looking at quite a substantial increase in tourist expenditure but I think that the Hon Mr Zammit should give us a breakdown so that we can actually see how it is that when they were saying in February, and I think it was in March that GBC made an announcement that St Michael's Cave was making something in the region of £23,000 a month, this was euphoric at that time because we were in the winter months, £23,000 in a winter month is a sign of better times ahead and yet in the revenue of the Government you only expect to make £300,000 for the whole year from all the sites, so if £23,000 without taking into account that it will increase in summer is actually multiplied by twelve we come up with a figure of about £280,000. What does that mean that the Government is only going to recoup another £20,000 from all the other sites? I think that is one area which the Government have to explain because I think that in some cases it might be a good idea for the Government to be conservative in their estimates but I think one thing is to be conservative and another thing is to be misleading, there is a difference. I accept that the Government should be conservative because you cannot paint a very clear picture and I am not going to be like Major Peliza who was saying: "The frontier is now open, we should give everybody out the goodies because there is going to be a boom", I much prefer to see the boom but nevertheless if the Government seriously thinks that this is a conservative but not a misleading estimate then, obviously, I cannot see how that tallies with the contribution of the Hon Mr Featherstone. As I say, he mentioned a conservative forecast. The Hon Financial and Development Secretary in relation to import duty said it was a conservative forecast but even allowing for a margin of an additional 10% or 20% the impact would not be very great in terms of total Government revenue. This is the speech of the Financial and Development Secretary of the Government and if we take that at face value then nothing that has been said after the contribution of the Hon and Learned Chief Minister has, to a point, been realistic except of course on economic development. The wait and see budget, the cautious optimism, as far as this is concerned is not going to materialise and I think if the estimates are different then we should be told because you are actually not only misleading us but misleading the people of Gibraltar and we can only react to the figures put in front of us. It is no good to come next year and say: "Now we have

another £7m to play with". We can only react to what we have in front of us and what we have in front of us, I must say, is another forecast of doom, of bankruptcy for the Gibraltar Government and although we were called prophets of doom during the election, we have now got an admission from the Government that last year we were right so we might be right this year and we shouldn't then be talking about giving out goodies, we should be talking about telling the Gibraltarians what is happening and that the Government is certainly not getting any of that boom but the boom is going into the private sector and whether or not the Government is going to get part of that will be another matter. I think that is about all except to say, I think, two more things. One is on the fact that I am a cynic so I cannot avoid biting into what the Hon and Learned Chief Minister said about what cynics might use and might twist of his analogy. He said: "Fortunately, it can now be repaired at the new commercial dockyard" - it can but only at the expense of the £28m because all the ships that we are doing are in fact being done at a loss so if we did we would actually be losing money somewhere else. It could have been done if the £28m was used for something different and then we would have repaired our bad economy and used some more money to create a ship building industry but not this way. The last thing I have to say is that the one who has sinned in being an absolute cynic himself is the Hon and Learned Chief Minister when he says to us and obviously to the whole of Gibraltar: "I accordingly assure the House that it is our firm intention to pursue our declared tourism policies in order to consolidate and maintain the progress made so far". What progress made so far? Where is the progress? I am not talking of the progress of excursionists, that has been something that has happened because the frontier has opened, I am talking about the policies that were declared policies of the Government here a year ago where they put in £350,000 in advertisements and where the Financial and Development Secretary said: "The tourist industry had another bad year, arrivals by air and sea fell 8%". This was a very, very bad picture of tourism for 1984 so how can we say that we have got to consolidate that, if we consolidate that then we are really in dire trouble.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon and Learned the Chief Minister to reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker. I can well understand the sense of frustration felt in the benches opposite. I have listened to everybody quietly and I hope I will be listened to quietly, I

don't normally interfere when people are speaking. I can see the sense of frustration because as my Hon Colleague said, the two pillars on which the GSLP have stood and that is no commercial dockyard, the Hon Mr Pilcher has been trying to play about with the kind of things that they wanted in the dockyard but the fact was that there was a closure, they opposed the commercialisation and as the Hon Leader of the Opposition has on many occasions said publicly, the people agreed with what we had done and let us hope that that is good. But the frustration is because whatever they may say, certainly the estimates cannot reflect anything as a boom. I don't think I have heard anybody on this side of the House talk about a tourism boom. The only point is that it is so obvious that

Members opposite mentioned it and that is quite clear. What is also quite clear is that if this had not happened what would be our financial situation today if we didn't see some light at the end of the tunnel as to our future prospects economically? We have been complaining ever since the frontier was closed that that was improper and that therefore we wanted to return to normality. I think Mr Mascarenhas was quite right in saying that the quality of life of a lot of people, certainly the quality of life of the thousands of Gibraltar people who cross in their own cars to spend the afternoon or the day in Spain, their quality of life has altered, their children will not be told that they have never seen a cow or never seen a horse and, generally, they will be able to appreciate much more and fortunately for us they are in a position to go across to Spain and spend money. It may be that the GNP has gone down but the point is that people do enjoy it and the point is that Main Street and all the other places are having a good time but, of course, the Government can be poor and the people can be rich, for a while. If trade is doing very well and I know quite a number of people who are their own masters and are doing very well in a particular trade and other trades are doing well, it will take some time for the substance of that growth in the economy to get into the coffers of the Government. Tourist entrance at St Michael's Cave is a direct result of that but, of course, as a direct result of that we have had to spend a considerable sum of money which is reflected in the expenditure in order to provide services at the customs, in the Labour Department and everywhere. I was able to show some people who came to see me the other day that we had employed quite a number of people and the bill for that part of the establishment alone came to about £300,000. The point is that Hon Members opposite are, if I may say so with respect, confused because they do look at these estimates and say: "Well, there is still a deficit". Of course there is a deficit but there is prosperity in the town, nobody can doubt that at all. It may well be that some of the workers haven't received any direct benefits in terms of cash, others who were unemployed are doing

that and the figures of juveniles in jobs will be revealed later on and the result is dramatic in respect of the number of people who have found jobs who were unemployed before. I can understand, as I say, the fact that Hon Members opposite see that perhaps we are right other than being a bit conservative and that in fact come next year we may be in a position to not just give away goodies but do what we thought was only right when we started in this thing and that is to put people out of the tax threshold, as they say in England. We have to put quite a lot of people out of the tax threshold for their incentive to have some attraction and for their work to be able to have some attraction because they are being very highly taxed now and this is very unfair but the point is that whatever may be said, that rather difficult and hard decision that had to be taken by the Government will, I think, work because if in fact we have been able to survive to be in a position so that in a couple of year's time, perhaps gradually, we are in a strong economic position, then it will have been worth our while because we would have saved not only our economy but our identity which is much more important because whatever may be said about osmosis and whatever it may be, the Gibraltarian is going less to Spain now than he was going before, certainly he is going less at night. We are in a position now that we can say that the policies that we have followed are going to start bearing fruit. Whilst on the one hand the Leader of the Opposition has always said that what was wanted in the Government was an economic policy or a strategy, I was very pleased to hear the Hon Mr Feetham say that our strategy was probably, when we were thinking in terms of the dockyard, we were also thinking in terms of the opening of the frontier. Well, certainly when we went to London in July, 1983, to discuss the dockyard package, the question of an open frontier was opened, there were no signs that there was going to be any idea of that. What was on the cards only at the time of the dockyard and that was no more than the prospect of Spain coming in and the prospect of her being compelled to open the frontier. I wish we could see so much ahead as Hon Members sometimes give us credit, there was no secret pact or knowledge that there would be an agreement which later on materialised into the present situation but there was a prospect and, in fact, there was also the prospect that it might not be opened and yet the dockyard might have worked but perhaps not so well for a number of reasons. There is, of course, one big problem but that is something which I think is endemic in Gibraltar and I think the Hon Leader of the Opposition made, not an indirect but certainly a side reference in a contribution he made in the discussion the other night at the Heritage Conference. There is no doubt that Gibraltar cannot prosper without outside labour, it is impossible to get the standard of living that we have had all along and let Members tell me whether we would

have been able to deal with the income we have had and so on had there not been a labour force resident of 3,000 or 4,000 people, on parity, whose jobs gave PAYE and put it into the Government and it is now that the balance is being assessed when we see the difficulties of carrying on parity unless there is a substantial amount of money from outside that we in the Government cannot afford to pay parity unless everybody else has got a high wage. If the Government employs so many, I don't know exactly how many but in terms of numbers out of 10,000 jobs, I don't know, what do we employ 6,000, alright 4,000 and then the Services another 1,000 or 2,000, the rest is the private sector and unless the private sector improves we cannot expand more and it is not desirable to expand more than is necessary because otherwise it is throwing money down the drain, you employ people when you need them, you don't employ them in order to keep them employed. Therefore if we cannot expand more and we cannot provide more employment for people ourselves then other people will have to. I entirely agree with the Hon Mr Pilcher but I am glad that he put it in the way he did because I think it is true, perhaps there will be more MOD cuts but this is not as was suggested at the time directed at the Gibraltar economy, it is as a result of Trident, as a result of the absolute chaos that there is in defence spending as between human elements and weapons for destruction which are beyond the ability of a Government of the nature of the United Kingdom now to afford and if everything is going to be given up for Trident then the British people will be suffering as much if not more than we will and therefore in that respect I agree that naturally in terms of the future of defence the tendency will be to cut people. When recently there was this change about the Air Sea Rescue, I made enquiries about it and, I don't know whether it is true or not but if it has gone somebody else has taken it over but from the point of view of the RAF it was purely a question of bodies not expenditure. They are probably doing it now but coming from another bracket of expenditure but they have to cut so much from the RAF and there it goes wherever it catches you and if you are not lucky, well, you are cut off and that is what has happened and that may happen a little more, I agree, and if that happens a little more then there is the more reason why we must have other resources other than Government employment. Everybody likes a 9 to 5 job and everybody wants his son or his daughter to be employed at the Secretariat or as an Inspector or whatever it is but what we cannot have is the world to alter the economy so that the only kind of jobs that are available in Gibraltar to maintain the standards that we have in Gibraltar are jobs that will be acceptable to the Gibraltarians beforehand, that is not possible. What we have to provide is full employment but what we cannot do is say: "Tourism is only going to bring elements of employment in the catering trade"

and there are unemployed people in Gibraltar and I hope this is not taken as any attack towards the trade unions or the working class but if the working classes have to be waiters they will have to be waiters if they cannot be anything else so long as there is a waiter's job and it is properly paid and he has got good hours of employment and good conditions of employment.

HON J BOSSANO:

If the Hon Member will give way.

HON CHIEF MINISTER:

Yes, I am going to give way in a moment. It is impossible, I just want to finish my theme, I will be ready in a moment. It is impossible to pretend that we can direct our economy at the expense of the British Government with help from here and with the support of the British Government we can create a Gibraltar that will only provide jobs that the people of Gibraltar like not that the people of Gibraltar can earn a living with.

HON J BOSSANO:

I am grateful to the Hon and Learned Member. It is not that I wanted to stop his flow, it is that he kept on saying that he couldn't be expected to do what nobody is asking him to do. I don't know why he is saying it, Mr Speaker. To my knowledge neither the other day in the Heritage Conference when I intervened nor today here from any contribution on this side has anybody suggested to him that in fact what we need to do is to do an opinion poll of what type of work people would like to do and then the Government finances the work that they want to do, that would be an absurd suggestion to make but there is a point that I think it important for him to understand in the difference of the analysis that we are making and that is that if you are programming your economy in a particular direction and you are planning so many jobs in so many areas so many years ahead, you can actually attempt to match the demands that will be created in the economy in certain areas with the supply that will be provided from our own people and that point is that, for example, tomorrow GSL or the hotels or whatever were to say: "Well, we need so many people overnight and because they are not available here we are going to have to import them", two years down the road we may find that our people cannot get unemployment because the people that have been imported in the last two years cannot now be sacked and we have been through that very difficult traumatic experience already once with a reduction in the naval yard where there was an element within our Gibraltarian workforce whose instinctive reaction was to say:

"Charity begins at home, let us get rid of all the foreigners". We were able to overcome that problem but I think it has to be understood that that has to be avoided, it is in the interest of the Government to avoid that and in the interest of the community to avoid that.

HON CHIEF MINISTER:

I am glad for that contribution because I wasn't making a straightforward accusation of that but sometimes, certainly in the contribution of Mr Feetham, I seemed to detect the fact that he thought the kind of jobs that would become available as a result of tourism were not the kind of jobs that the Gibraltarians would like. I entirely agree and I think certainly we have put the company which we own here in the yard on notice that they cannot just employ people in numbers because they are available on the other side without making a plan to train people so that eventually they can take those jobs. We have thought about that and, in fact, the Minister for Public Works who is not here now, probably listening on the other side, was very strong about that. We all feel like that but something strikes out in your mind and the caution is put and so on, we are perfectly aware of that. There is only one point that my Hon Friend did not elaborate on and has asked me to do so and that is that insofar as land is concerned what we have had is an agreement in principle, we haven't got any land yet so that means we are at the beginning of a new era in various ways, of the success of the dockyard subject to what we were talking about and there is no doubt that the demand of tourists is not limited to the fact that they come in buses and they go at 5 o'clock or 6 o'clock, which may not be a bad thing up to a point, but the demands from tourism, the hotel occupancy has already been shown to be up because people can now come to Gibraltar to go to Spain. And insofar as one other point which the Hon Mr Feetham said and I would like to follow some of his points because he has raised matters which are of importance. One of the things that he said was: "Well, let us see now that we have had the advance implementation, let us see what happens when Spain joins the EEC whether they are going to be more difficult and so on". In terms of the overall Spanish economy and adaptation to the EEC the Gibraltar problem really does not present unless of course something that we don't want to happen were to happen and that is an attempt at going back to the old days when a lot of people came back and bought stuff to take it across, so far as it is absolutely perfect and proper I think, and I can say that from my own impression of Geneva, that the Spaniards well knew and I think the Spanish Foreign Minister said the right thing when he told Panorama that the winners of Brussels were the Gibraltarians. He was thinking in terms in my view about the fact that we would benefit by the opening of the frontier

as in fact is happening. The other thing which I will come to later is the question of the estimating of the revenue. I think the Hon Lady mentioned something about voting on the estimates of income. Let me remind her that you don't vote for estimates of expenditure.

HON MISS M I MONTEGRIFFO:

Will the Hon and Learned Chief Minister give way. I wasn't saying anything like that about voting the estimates.

HON CHIEF MINISTER:

Let me say, and I don't want to attempt to be patronizing, for the benefit of Members who have not been in the House before except this second budget, because this I have to say because I had this problem when I joined the House thirty-five years ago or whenever it was, in 1950, we had this problem of wanting to estimate the income and wanting to control that, wanting to vote on the income and you cannot vote on the income, the House is asked to vote the money. The income, we stand or lose by our judgement on that and then when we come to the Appropriation Bill we will give you examples. I, perhaps, might not agree with some of the expected expenditure, I might have said that it would be more but there is an analysis, there is a way of doing it and whether you think that we are right or wrong and whether we are proved wrong in the sense that we have provided much less when the time comes to know what the results are next year, if that happens and we hope it will happen, certainly from the point of view of the Government it is not an attempt to bamboozle the people now into something, in fact, it would have been much more popular to have said: "Well, we expect so much out of these things that we don't need to borrow" but that would not have been honest because in the final analysis it is better to be mistaken when you have too much than in respect of when you have less than you expected.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I will try and deal factually with some of the points which have been raised in debate and not go into any general description of the Government's philosophy as that has, I think, been dealt with by the Chief Minister and indeed, other Ministers during the debate. There was, in fact, a point raised by the Hon Leader of the Opposition about the changes in the potable water charges. He had, I think, a little bit

of mirth at my expense because I referred to the contraction and demand as a result of the changes in water tariffs. As it happens, last year he also had some mirth at my expense because he accused me of disguising an increase in water charges as a reduction.

HON J BOSSANO:

Under your Orwellian obfuscation philosophy.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, he is quite right, he said he could not have found a better way of Orwellian obfuscation than in telling us that water was going down. This really is a beauty, Mr Speaker.

MR SPEAKER:-

It is a matter of gravity.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think it is not as absurd as it may seem on the surface that there should have been a contraction in demand for water even if the tariffs had not gone down whether there was a general increase in electricity and water last year and one would expect that people in those circumstances would adjust their consumption so it could conceivably be that the contraction in water had been as a result of the increase in electricity tariffs rather than simply in water. There is more to demand elasticity than one would like to see on the surface. I recall myself, I am going back to 1969, there seems to be a habit of going back a long time and I don't think even the Hon Leader of the Opposition was in the House then, he could still have been a student, but in 1969 there was an increase in the UK Post Office, there was an increase in letter charges, quite a substantial increase, this was when the Post Office introduced the two-tier tariff. There was no increase in parcel tariff and yet following the increase in letter tariffs there was a substantial drop of something like 10% or 15% in the demand for parcels. I am quoting this example to illustrate the sort of thing which can happen and people readjust their demands for various services. On the other points raised by Hon Members, the Hon Juan Carlos Perez asked a number of detailed questions, he asked about the assumption for the Funded Services in respect of demands for 1985/86 and here I think we must, as I indeed said in my opening speech, Mr Speaker, we must accept that it has been difficult for us to assess the effect of the changed circumstances following the frontier opening on the growth in demand for electricity and water. We have not, in

fact, assumed a great increase in demand; something like an increase from 54 million units to 54.5 million units in the case of electricity and a very marginal increase in water, a marginal increase in demand. I think this simply illustrates the difficulty we have. I would accept that there is a possibility that as a result of the increased buoyancy in the economy that may be a conservative estimate and I think this is something which I have already acknowledged in the case of import duties and it is something we would accept generally. I think the upside possibilities this year are perhaps greater than the downside. Last year, I think because of the serious conditions facing the Government I would have accepted that if anything we might be erring on the conservative side. Well, as it happened, things were not quite as bad at the end of the financial year. This year I think there is a possibility of some higher yield from import duties and direct taxation, it is possible that there may be earlier and better payment of debts because of the improved conditions in the economy, a greater buoyancy of demand for municipal services, as I have just suggested, and possibly a better cost revenue ratio. In other words, I think there are certainly a sufficient number of upside possibilities one can refer to at least to counter the statements or the projections made by some Members of the Opposition that we are gambling. I don't think it is a gamble or if it is a gamble I think that the odds are rather more in our favour than they would have been twelve months ago. As far as the revenue from car parks, well, I think possibly the Hon Member may have overlooked the fact that last year the forecast which we made was mainly in respect of the fees, £2 per car, in fact, from the loop at the frontier. Well, of course, this is no longer operational so this year's forecasts are relying very heavily on the revenue from the coach park and we have calculated it quite simply on the basis of 23 coaches at an average. Again, it may be that this will increase, we cannot really tell. We have had to make forecasts and of course in terms of the totality of Government revenue this is a very, very small amount. As far as the Motor Vehicle Testing Centre, well, I can only reiterate the fact that we do not agree to the establishment of a Special Fund, we said that last year and this would not normally be our practice, it is not Government policy. On the brackish water rates question, again I think I would to some extent share the concern which I think underlay some of the remarks by the Hon Member about the philosophy of rates and desirably rates should reflect the revenue to which, at least in the early part of their history, they were hypothecated, that alas is a divergence for which Gibraltar is not unique, it is something experienced in the UK, that the revenue from rates does not always have a direct relationship to the services for which it is intended. It is perhaps a regrettable development. I think it may very well be

that in the future as indeed in the UK, one would want to consider the whole philosophy of rates as a means of taxation which, as I said, is apparently being actively considered in the UK, Mrs Thatcher being particularly in favour of this.

HON J C PEREZ:

Will the Hon Member give way? It is just that he missed a point on the MOT which I made. I did make the point that I had proposed that a Special Fund be set up but that was not the point I was making in this House. I referred back to what Mr Featherstone had said on what the first years of operation would be where it would be making a loss and gradually building up to break even and I was asking the Hon Member if it was possible for him to make available income and expenditure figures from the date the Station was completed to identify what the £50,000 means in relation to costs. I would make the point on what the Hon Member has said that the estimates of revenue in respect of the points I have mentioned are so conservative that I am sure this year he wouldn't place the £5 bet on them.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On the question on the Motor Vehicle Testing Centre I will obviously have to consider the Hon Member's remarks together with the Minister for traffic, Mr Speaker. The Hon Mr Baldachino raised the question of picking up what I had said about the changes in amortization and asked how much of the amount provided in this year's estimates, the contribution to the Funded Services, related to adjustment for previous years and how much related to the current charge for 1985/86. The answer to that, Mr Speaker, is that of the £2.3m which represents the adjustment for the changes I described in the budget, approximately half or £1.1m is in respect of previous years and the remainder, about 1.2m, is in respect of the charge for 1985/86. On his other point, that is to say, sales of houses, if the assets are sold, that is to say, if the houses which are to be sold to sitting tenants are sold would the Government then continue to depreciate these houses over 60 years, I think you can assume that the answer is, no, Mr Speaker, assets which are sold will be written out of the Government's books, it is the same as premature obsolescence of plant or extenuation of depreciation, one would have to in those circumstances.

HON J BOSSANO:

Isn't the Hon Member still depreciating the desalination plant that is no longer there?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, if I am still depreciating the desalination plant this is certainly something which I will want to look at because I think it is policy that if you cease using an asset then you should write it out, it is premature obsolescent, and I will certainly look into that. I think there was a question which the Hon Miss Marie Montegriffo asked about the reason for the increase in hospital fees and I think I will discuss that with the Minister for Health and we will certainly let her have a reply. I haven't got the information available and I think that those, generally speaking, Mr Speaker, are the questions which were raised by Hon Members opposite.

HON J BOSSANO:

May I ask the Hon Member one final question before he finishes? Am I right in deducing from what he said at the beginning in the opening speech about the amount of money that was being put down as the borrowing requirement being an assessment of what is being required and the nature of his remarks as to the estimating perhaps being in a way where if there are changes they are more likely to be on the way up than on the way down, that the position is that if, for example, revenue were to be more buoyant it would follow that the amount borrowed to be put into the reserves would fall. Am I right in making the deduction?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Other things being equal, yes, but there are other parameters, I think there are other calculations to be made. It really depends on the extent to which estimates of revenue are met or exceeded. I did refer earlier during my budget statement to the possibility that the Government might be able to make some small contribution from general reserves if conditions were very favourable and we were surprised by the amount of Government revenue which we were able to raise, then even assuming £2m borrowing it might be that a proportion of that could go to contribute, perhaps, £0.5m to the Improvement and Development Fund. Unfortunately, it is, as I have said, though very difficult because the opening of the frontier is so recent and our estimates are inevitably a little speculative, it is difficult to be more precise than that.

HON J E PILCHER:

If the Hon Member will give way. There was only one question I put at the end and that was the breakdown of the £300,000 in tourist revenue. I realise that they might not have the answer readily available but at least an undertaking that the

breakdown will be given is enough.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, we can give that undertaking, certainly, Mr Speaker. I see that my Colleagues on the Government bench are getting restless so I will conclude with one general point and that is that I have listened to what the Hon Leader of the Opposition said about taxation philosophy with great interest and I agree that it may be necessary in the changed circumstances of Gibraltar to re-think one's taxation philosophy and to restructure taxation but having said that, obviously, one cannot consider taxation in isolation, it is something which one would have to consider together with what sort of territory one wants Gibraltar to become, what are one's social and economic policies and what sort of society is Gibraltar to become because you cannot simply look at taxation and, clearly, that question is something which cannot be answered within two months after the opening of the frontier.

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

The House recessed at 8.25 pm.

WEDNESDAY THE 24TH APRIL, 1985

The House resumed at 10.50 am.

MR SPEAKER:

I will remind the House that yesterday evening when we recessed we finished the Second Reading of the Finance Bill and we will now commence with the Second Reading of the Appropriation Bill.

SECOND READING OF THE APPROPRIATION
(1985/86) ORDINANCE, 1985

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Appropriation (1985/86) Ordinance, 1985, be read a second time. I shall not go into great detail in what I have to say, Mr Speaker, but I think it might be helpful if I just say one or two words in explanation of the expenditure estimates before the House because as the House will be aware from the comments I made during the Second Reading of the Finance Bill, there have been some changes in format in the estimates and therefore the year by year comparisons are subject to a certain amount of distortion and I think,

perhaps, they need explanation. Indeed, the format of the estimates is such that the most important information, that is to say, year to year changes as between 1984/85, the year just ending for which we have a revised estimate and the estimates for 1985/86, which is the year on which we are voting, the differences between these two years are perhaps not fully brought out. The difference as shown on page 5 of the general statement, if one adds the contribution to the Funded Services we are talking about an increase as between 1984/85 and 1985/86 of £6m in Government expenditure but that figure itself is a rather inflated one and I will explain why in a moment. Taking the figure of £6m, £2m of course represents the increase in the contribution to the Funded Services and that is almost entirely as a result of the changes which I mentioned during my budget statement so one can ignore £2m, or rather put that aside as an accounting change. One is then talking in terms of a figure of £4m and this really breaks down more or less as follows; the increase in the Consolidated Fund charges, debt charges, pensions and other Consolidated Fund charges is just over £1m, £1.1m. The provision for the 1985 pay increase represents £1.2m and the remainder, a figure of about £1.6m, represents other increases in Government spending but, of course, because of the way the estimates are prepared that is inclusive of some recoverable expenditure, eg, on fuel which will be recovered through the operation of the Funded Services and obviously by being passed on to consumers. Of the £1.6m the other comment I should make is that one can really say five departments account for the majority of this; Education, Electricity, Department of Labour and Social Security each with increases of the order of £300,000; Medical and Health Services about £200,000 and Customs just over £100,000 which accounts for the bulk of the £1.6m. In conclusion, in my opening comments I did mention that the year by year comparison is slightly difficult to make from a reading of the estimates. It occurred to me that it might be more meaningful on page 16, and I put this for the Opposition perhaps to consider, it might be more meaningful that instead of showing in the final column the increases as between the approved estimates for 1984/85 and the estimates of 1985/86 we were to show the increase between the revised estimates and the 1985/86 as being a more meaningful piece of information but I will leave that for the Hon Members opposite to consider and perhaps they will let me have their view on it. I commend the Bill to the House, Mr Speaker.

MR SPEAKER:

May I invite the Hon and Learned the Chief Minister to make his contribution to the Appropriation Bill.

HON CHIEF MINISTER:

Thank you, Mr Speaker, I don't propose to say very much. I think we have had a very good cross section airing of views yesterday and I think it might be unnecessary to go into detail but having regard to everything that was said yesterday, perhaps I might just give a few ideas of how we have been able to make up the estimates in a way in which we have attempted to carry out as many economies as possible without in any way affecting the nature of the services that we have given. It is obvious that the regular estimates and the regular expenditure of salaries and wages and so on suffer the inevitable increase in cost through the cost of living and the allowances and so on and they have to be reproduced. Then, of course, earlier in preparing the estimates we had lists of special expenditure which was prepared and everybody asked for more or less what they would like to have and then we made a very close scrutiny of those distinguishing between the desirable and the essential and in most cases the essential, always the essential were included and on the desirable there was a question of priorities and a matter of judgement of what we considered to be extra here or extra there. The question of withholding unnecessary expenditure has been very carefully gone into and the result is what is before you. The difficulty arises inevitably that you have no more sources except what was discussed yesterday, possible sources of income, because you have nowhere in which to tax more income, I think people are taxed enough as they are now and therefore either that, borrowing as was discussed, or cutting of services and that is something we are not prepared to do. Unless it is absolutely necessary we hope we will never reach that, not having reached it at this stage, the reason why we are cautious about the future is because we don't want to be caught out without money but, hopefully, and I would not like to have to apologise next year to say that the results were better, of course they are likely to be better but how much better it is very difficult to predict and that is why we have taken the cautious approach. There is just one point that was raised by the Hon Leader of the Opposition yesterday to which I don't think there is need to reply but I entirely agree with him. When I said that the various Funded Services would have to be put up in order to make them pay it was only to highlight the extent of the subsidy. It isn't to say that that is a policy at all, certainly not in various areas but if you say that the funding accounts however much people pay for rents and some people are now paying much more than they have been used to in the past, the statement that one would have to increase rents by 75% shows the extent in a practical way for the average person rather than the £2m or whatever it is, to what extent rents in general are subsidised though quite clearly some are subsidised more than others. It has not been an easy exercise. As usual each

Minister, of course, wants the best for his Department and in the end there is agreement as to what are the priorities, what is essential and what can be postponed as a desirable but not essential problem. The danger, of course, in that is that if you postpone something for too long then bringing it in later is much more expensive but if you haven't got the money you just haven't got the money. There is nothing here in these estimates that in any way alters the standard of the services that we have provided and the Financial Secretary has pointed out the big spending Departments; Medical, Education, Electricity, Customs, Labour and Social Security, we have provided the usual increases and so on. I think that is all I would like to say.

MR SPEAKER:

Before I put the question to the House I will invite any Member who wishes to speak on the general principles and merits of the Bill to do so.

HON J C PEREZ:

Mr Speaker, in my contribution to the Appropriation Bill last year, in support of the GSLP's general view that the presentation of Government accounts and the distribution of expenditure should be altered so as to give a more accurate picture of the way money is being spent, I suggested that the £700,000 vote as part of the Public Works expenditure on maintenance of Government buildings should be allocated in a different way. The argument being that in the same way as other Departments charge for services such as is the case with water and electricity, the Public Works should charge the Departments concerned the costs of the maintenance work carried out and that the Department should be in a position to allocate their works programme for the year at budget time so that this House should have a greater say on how that money is spent. It seems as if the Government have accepted the general argument of what we said last year and there has been a small change in that direction in that out of a total of £711,500 estimated to be spent on maintenance of Government buildings, £262,500 has been allocated to the different Departments. In case the Hon Member is puzzled it is just taking all the minor works from the other section and adding them to the vote for the maintenance of buildings under Public Works. I said last year that £700,000 was too big a vote to be allocated in that way, giving complete freedom on how that money should be spent in respect of what properties should be maintained. Mr Speaker, £449,500 is still too big a vote to be allocated in this way. Whilst the move towards allocating these costs to different Departments is welcome in that it reduces the burden on the Public Works

vote and places it on other areas, the costs of which are now more accurately shown, 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 itself. Mr Speaker, coming now to the Funded Services, we consider that the way these services are being dealt with in relation to the accounts is even worse than was the case prior to 1976 when notional accounts were ended. In the City Council days, the electricity utility etc, all had commercial accounts with assets and liabilities shown separately. After that, Mr Speaker, the system that operated from 1969/76 showed Revenue and Revenue received separately, which meant that income from bills was not shown until these were paid. In 1976/77, when the Special Funds were set up, the Government said that what they were actually doing was producing accurate accounts so as to enable the Government and the House to know exactly what the Services provided were costing. Today, we find that Government Revenue is shown as reimbursements of costs, which means that the Government is showing as income all the bills issued irrespective of whether they are paid or not. This is not in our view accurate accounting. This does not reflect the spirit in which the Funded Services were introduced in the House when the Hon and Learned the Chief Minister said, and I quote: "A most important aspect of our Estimates of Expenditure which requires mention is that for the first time since the new Constitution came into effect in 1967 and the old City Council came to an end, proper accounts of the Public Utility Undertakings are available and not just notional accounts as has been the case up to 1976. We now know exactly the extent of the cost of providing these essential services". Mr Speaker, we have a situation in which unpaid bills today exceed the reserves, which actually means that we have no reserves at all. Reserves should be available to be used on an emergency, but how can one deal with an emergency if what there is in the kitty is composed completely of unpaid bills? That is, debts owed to Government. The present system is therefore more misleading than the old one in that it shows the bills issued rather than the bills paid as income. The gap between bills issued and bills paid is financed by advances from the Consolidated Fund in the nature of an overdraft for which no interest is charged and this, together, is what represents the true costs of the operation of the Funded Services. This point is made by the consultants in their report - The Coopers and Lybrand Report on Water and Electricity. The Government itself announced this as policy in 1976 and in 1985 it has still not been done. Moving now to another issue, Mr Speaker, the Government said last year that they did not intend to amortise the cost of the Desalination Plant because it was a grant from the UK. This they have done against expert advice since it understates the true cost of producing water by desalination, something which

the Government engaged consultants have been critical of. Whilst we are not saying that Government should pass on to the consumer the cost of plant and equipment, by not charging it to the Potable Water Fund, Mr Speaker, Government is giving a false picture of the cost of producing water and is pre-supposing that it doesn't need replacing by writing it off as a free gift. I will remind the Hon the Financial and Development Secretary that in relation to housing he said yesterday on page 17, paragraph 36: "The amortization charge shows a steep increase in 1985/86 simply because the under provision in respect of interest charges is to be corrected all at once - and this applies to the backlog of heavy maintenance which has been the subject of questions in the House during the year. However, there will be no effect on the Consolidated Fund or the reserves as a result of this charge". Mr Speaker, it is our contention that the same would apply if the desalination plant would be amortized and I think that if Government policy applies to one area there should be a specific explanation as to why it doesn't apply to the other other than that it is ODA money. Additionally, Mr Speaker, in terms of the accuracy of the accounts, we have mentioned in the past the question of the allocation of rates in respect of the buildings used by the different public utilities. This matter was raised by the Auditor in the 1976-77 Report when the Special Funds were set-up. Still, nothing has been done about this. The Hon the Financial and Development Secretary suggested last year that this was too difficult to do and too little time in which to do it. I hope he's checked back and discovered that it is a consistent point raised by the Auditor throughout a number of years. In fact, Mr Speaker, this year the situation is more absurd than ever before and I shall explain why, although from the presentation of Accounts the Financial Secretary himself seems not to be aware of this year's change. The Valuation List for 1985/86 places a net annual value on the Waterport Power Station of £200,000 - Rates in respect of this, we assume, are included as part of rates for Government buildings under Crown Lands and should in turn have been reflected in the accounts of the Special Fund. However, King's Bastion Generating Station, Mr Speaker, still continues to be exempt from rates because it is an old City Council building. For consistency of treatment, Waterport should also have been exempt, if in fact it has been treated differently, although we on this side of the House agree with the Auditor that that should not be so and therefore if rates for Waterport have been charged, there is no justification whatsoever for continuing to exempt other properties used by the Electricity Undertaking. I would welcome clarification by the Government on what its policy in this respect is. I would remind the Hon the Financial and Development Secretary, that Sec 298 of the Public Health Ordinance, which exempts City Council properties, was described by the Auditor in his Report of 1976/77 as being out-of-date. I now come, Mr Speaker, to

the question of debts which have been written off. Let me first explain that in terms of accounting we can understand that irrecoverable debts should be written-off so as to show the real position of the reserves. I will first make a point which I made yesterday and that is that because the money which has been written off is less than the money estimated to have been written off, it is my contention, Mr Speaker, that the estimates are incorrect inasmuch as the total in each of the Funded Services should be different and if this is selected in page 5 of the estimates, then the level of reserves estimated would be completely different, the revised level for 1984/85. I would like clarification of this matter and an explanation as to why the estimates haven't been altered to reflect this so that we now show the real sum in the Consolidated Fund. Mr Speaker, what we questioned at the last session of the House and what I am still questioning today is the criteria used to decide what is a bad debt and the resolution of the Government to hide the names of those who have owed public money for so long that the Government have deemed these to be irrecoverable. The Hon the Financial and Development Secretary said in the Committee Stage of the Supplementary Appropriation Bill that it was a matter of judgement as to what construed a bad debt. He said, as examples, that there were people who had died and companies which had gone bankrupt and that in some cases "one can spend more time and resources in trying to recover the debt than what the debt is worth". When pressed further as to the names of those whose debts had been written off, Mr Speaker, the Member said that he thought it would be a breach of the normal commercial confidence to reveal them. We are talking about very substantial sums of money. I had the figures of £140,000 in electricity; £75,000 in water and £55,000 in telephone charges. These seem to be lower than was estimated and is related to the point I made previously. To protect people who owe so much money from embarrassment is to do a great disservice to those who are paying their bills. There are people who are finding it very hard to make ends meet and pay their bills for municipal services and in some cases are prosecuted or have their services cut-off and in this context, Mr Speaker, I would like clarification once again on what the Government policy is because there is a person who is one quarter in arrears of telephones, he still hasn't received his second bill and they sent him a threatening letter that he would have his telephone cut off if he doesn't pay that bill. I thought that the policy of the Government was to cut-off people if they were two quarters in arrears. This is not generally being applied and there are a lot of complaints from a lot of quarters of people who are being sent letters threatening to cut-off their supply or threatening to be taken to Court when the actual policy as outlined by the Government in this House has not actually been applied. It is not enough, Mr Speaker,

in my view, for the Government to hide behind the excuse that by giving the names of those people who owe the money they would be breaking the norm of commercial-in-confidence. The Hon Member opposite, the Financial and Development Secretary, committed himself to give us some details via a breakdown of the debts being written off and this he has done but I am afraid, Mr Speaker, not to our satisfaction. Whereas the totals reveal that the sums of money owed by consumers is higher than that owed by commercial premises, Mr Speaker, the number of accounts of the domestic consumers is also far in excess to those of the commercial premises which means that per account the written off debts for commercial premises are very much higher on average than domestic. Nonetheless, Mr Speaker, I think the Government have an obligation to satisfy this House and the general public as a whole that the debts being written off are, in fact, irrecoverable and why. I would therefore ask the Hon Member to explain the following in relation to the breakdown he has supplied us with: of total accounts shown, for example, 74 accounts commercial premises under electricity - the total broken down per account and then in respect of each account: a breakdown of the amount in respect of each year if it is for more than one year; in showing the year of account this should continue back to the original date beyond 1979/80. Whether in all cases of writing off debts the consumers in question have had their supplies disconnected. Until this information is available, Mr Speaker, we in the Opposition, or for that matter the people of Gibraltar as a whole, cannot be persuaded that the judgement of the Member opposite in writing off these debts has been correct. Mr Speaker, I will supply the Hon Member with the last page of my statement where the breakdown which I ask for is included. Just to add one minor point which I want to raise with the Hon the Minister for Public Works and that is that during the course of the year, in meetings with me in his office, we have been discussing the serious and deteriorating situation of the corridors at Police Barracks and I see no expenditure specifically for this purpose in the estimates. He did show me a report that had been prepared and he did commit himself to include it as part of the work for this year and I would like a declaration on his part that this is the case and I am surprised that, if anything, it should be included under the sum for maintenance of public buildings under the Public Works vote because since he knew that this was to be done this year and since he knew that the money had been allocated, it should have been allocated already to the Head concerned rather than left in the general vote if it is something which the Government is committed to do this year. That is all I have to say, thank you, Mr Speaker.

HON MAJOR F J DELLIPIANI:

Mr Speaker, some time ago some friends of mine said, as I am a lapsed Socialist, whether I was considering becoming a Conservative. I would like to assure Members on both sides of the House that I might have lost my faith but not my commonsense and I want Members to listen to me in that context, whatever I have to say I am still a Socialist. Because the Hon Mr Juan Carlos Perez has mentioned the specific item of the Police Barracks balconies I will deal with that point in case I forget about it. It is true it is not shown in any of the departmental charges but let me assure the Hon Member that it is provided for in the Fund which the Public Works Department has kept for itself in order to react to situations because, quite frankly, none of the Departments want to spend money on this particular building because the Police say: "Why should it be us when hardly any Policemen are living there?" and the Housing say: "Well, it is not really us because it is a Police Barracks". They are very old properties and the estimates we had were running to £300,000 to put everything right but certainly the balconies which could be a source of danger even though there is a temporary repair, will be dealt with this year. One good thing that the Hon Mr Perez and myself have is that we do meet occasionally and discuss problems of mutual interest because we are working for the same cause. Having said that, Mr Speaker, I cannot help but remark on some accusations that were made about the AACR adopting Thatcherite policies. I have only one thing to say on that, that thank goodness that in 1982 we had Mrs Thatcher as Prime Minister of Great Britain in the Falklands crisis because if she hadn't been there I don't think we would be here talking what we are talking now.

HON J C PEREZ:

Is the Hon Member supporting Thatcherism or not?

HON MAJOR F J DELLIPIANI:

I certainly do not support Mrs Thatcher in her economic policies because to me Thatcherism is the same as Communism because the philosophy behind it is so ruthless that to me as an ordinary person with a heart I could not do because the philosophy between Thatcherism and Communism are the same, it is that the end justifies the means and I am not ruthless enough to carry out that policy. Having said that I would like to bring into perspective a few of the things that I see myself doing as the Minister for Public Works. I don't think I am Minister for Public Works to get things right, I am Minister for Public Works to do the right thing, I think that there is a subtle difference between that. To get things right I think

is up to managers and all the rest, it is to do things right, as I see it, in the context of Gibraltar, the financial constraints that we have had in the past, the financial constraints that we still have because the future is not clear, I haven't got vision like other people have, other people have vision, I only try to live on a day-to-day basis on things that are real to me now. I would like to have vision, I haven't got it, I haven't got the capability of some Members on both sides who are analytical about the way they talk, I am not like that, I am not competent enough to do that. I only try to contribute to this House with a bit of commonsense, sometimes too much with my heart and not enough with my head but that is what I am and I don't think I will change now at the age of nearly 50. I mentioned the fact that I haven't become a Conservative and I am still a Socialist at heart, anyway, because I am a great believer that there are many things where you need to be a Socialist but having said that, Socialism brings with it a certain amount of responsibility. The Government has decided on a policy that on essential services we should become absolutely self-dependent and we are now self-dependent on the two most important elements that make life tick which are water and electricity. There are a lot of pressures now from all kinds of people in bringing water to Gibraltar cheaply from all kinds of places, I will resist that to the bitter end, certainly as long as I am Minister, because those same people who are offering all kinds of services within and from outside Gibraltar if anything goes wrong will come back to us and say "Solve the problem". We have invested £7m and we are certainly determined that those £7m are well spent in Gibraltar because with equipment of that kind it is not a question of shutting them down and then things go wrong you gear them up. If you shut off mechanical and electrical stuff of that sensitivity it takes quite a bit to bring it up back to stream and it costs a lot of money. The Gibraltar Government's policy will be and continues to be that we will be self-sufficient and no matter what offers we have from within or from outside we will consider them, we will look at them but we will remain self sufficient. But that brings a responsibility and the responsibility not only lies with Government, it also lies with the people who maintain those essential services and one of my disappointments as a Socialist is that in the case of the Generating Station it is a weapon which the unions use too frequently to blackmail the Government. I am sorry if I might sound as if I were union bashing because I have been a trade unionist all my life and I would want that message to pass on to members of the trade union and to all workers both in the Generating Station and in my Water Section that they have a heavy responsibility to the whole of Gibraltar. I support trade unionism, there will always be a need for good trade unions because no matter how much the situation changes and how much progress there is there are always the capitalists who

will take advantage of the weak but I don't want the unions to take advantage of the people of Gibraltar. I think it is very important that that message is carried through to the trade unions, to all members, to all Gibraltarians, that here we are a Government who is trying to provide the essential services that we need so that we are not dependent on anybody and we have given the capitalist system to the trade unions because one of the definitions of capitalism is that they have the means to control production and now the control of production is in the hands of the unions so I sincerely hope that when they have to use those kind of methods it must be really of a very serious nature that the Government has done and not at the drop of a hat. People who know me with my trade union background must take it that I am not a union basher. A lot has been said on the lands question and the package of Gibraltar Shiprepair Limited. I do not share, and I hope my colleague the Minister for Economic Development does not take offence, I do not share his optimistic views on the land package because the land which has been given to us has all sorts of strings attached to it and I see it further and further away before Gibraltar can get down to the kind of things we want which is diversification. We cannot be solely dependent on tourism and the Gibraltar Shiprepair Limited. Diversification is just like in business where you need a good portfolio with all kinds of different investments and the sooner we get that land released and developed the better it is and 1987 to me, and I had a vision that that is a bit too far away, I want it sooner. It is the same with the land which has been mentioned which has been the effort of a lot of honourable people with all the best intentions. I have been looking at it, there are a lot of them with a Catch 22 situation which are going to cost us money for getting the same service. There are no dates as yet attached to them and there is one in particular which annoys me tremendously and that is in reference to the Royal Naval Hospital and I think Hon Members should listen to me carefully on the Royal Naval Hospital. The policy of the Ministry of Defence with regard to the Royal Naval Hospital is that their needs had been identified as a 35-bed hospital. Having identified the need of the Ministry of Defence for a 35-bed hospital - I don't know if Hon Members are aware of the huge area that comprises the Naval Hospital and the Quarters underneath the cliffside that is a huge area of great potential and what have they given us? Well, they haven't given it to us yet. 'A' Block, Royal Naval Hospital. Let me tell you that 'A' Block Royal Naval Hospital is the one which has more structural defects, which is in the worst position from a tourist point of view for touristic development and that is what they give us. If their requirement is only for a 35-bed Hospital let them stick it out somewhere else and release that land to us. Mr Speaker, I am always a man who doesn't sit on the fence but

I always try to find a balance maybe that is why I haven't got a master plan but if I had a master plan no matter on which side of the House I sit I would give it to the Government, if I was there I would give it to you if you were here, because the welfare and the good of Gibraltar for me is our first political priority. I mentioned the word balance. I never want to be accused that because I am so anti-MOD on the question of land that they are going to come back to me and say: "Well, you keep asking for land and land and land and land, we haven't got the land now to try and train for defence purposes etc". I don't want to give them that kind of excuse because the temptation now by the Ministry of Defence because of the Trident policy which the Hon Chief Minister mentioned, is very great now to think of reductions in conventional forces and the fact that relations with Spain have improved, their temptation is to say: "How many guns have the Gibraltar Regiment got? Let us take away four, we will save £100,000. How many landrovers have they got? Fifty, let us take away thirty". Their temptation to do that will be very great and not only will that have an economic effect in Gibraltar but it will also have an effect on the defence of Gibraltar. Let us never be caught with our pants down like they did with the Falklands. I want them to be here, I want them to have a commitment here. What I want them to realise is that they cannot live in splendid isolation, that they form part of this community and that the privileges that they have must be shared with us and this question of privileges also applies to civil servants, especially to expatriate civil servants. I have the situation now of one civil servant, I don't even know if I should qualify him as a civil servant because if he was a civil servant under normal circumstances where he does a tour of service of two or three years I can assure you that he wouldn't last three years if I am in Government, but here is a man whose family composition consists of himself and his wife and he wants the Government to pay for a second bathroom. How can he ask for a second bathroom when there are people in Gibraltar who still haven't got any bathroom, who have to share communal toilets? How can people be like that? We don't want that type of people in Gibraltar. He also now wants hot and cold water in his bedroom. Mind you, I am having problems with the Financial and Development Secretary because he wants a different type of hot water system in his house. When civil servants come to me with these kind of problems I say, no. I get all kinds of pressures and I still say no and whilst I am here that guy is not going to have his bathroom paid by me. But this question of attitudes filters down to lower grade civil servants, to our own. I remember on quite a few occasions, incredible as you might think, a civil servant looking me straight in the eye and saying: "But, of course, I don't want a quarter in Glacis Estate". I live in Glacis Estate. It is amazing but you find

that sort of thing on more than one occasion. If I move out of Glacis Estate it would be as a result of my efforts not because the Government makes that effort for me. A lot has been said about heritage from the conservationists and environmentalists. I think it is good to have this kind of pressure group. I wish these pressure groups would have been here twenty years ago and some of the horrible things we see now wouldn't be there. I have in mind that yellow building at Casemates which looks awful, all those peculiar things on our walls which are terrible and again the balance, the balance must be there. It is good to have a pressure group, it is good to listen to them but it is not good to implement all their policies otherwise there would be no progress for the ordinary people of Gibraltar. On the question of the heritage I cannot let it pass but it seems to me that a lot of people have jumped on the band wagon, some of them with very good intentions but some of them because they own land or hotels and they want to stifle any other development because it might affect them. The Hon Chief Minister doesn't agree with me. To me heritage and conservationists and environmentalists, to me the three of them are the same. I think the most important part about heritage are the people because nowhere in the world over a span of something like 270 years have the people become a people because the Americans still think of themselves as Italian-American, Polish-American, Irish-American, we think of ourselves as Gibraltarians and that is the most important heritage that we have and that is the heritage that we must preserve and conserve. I have ideas on conservationism, if it can be called that. I gather that we have 500 different varieties of plants and vegetation, etc, some of them which are unique to Gibraltar. I think it might be a good idea, I am no botanist but if we could concentrate some of that vegetation and flowers and plants in an area to preserve and safeguard them and actually indicate the names and the variety and the species, etc, etc. I think that is an idea that the Government should look into because I think that it is unique in a bare Rock like Gibraltar that we have 500 different types of vegetation. What is the use of having a lot of buildings which are considered to be a great heritage if they are not kept up, if they are not marked properly, if nobody knows where they are. I don't know where some of them are. I will deal with the question of arrears which is obviously an emotive issue. I get the same reaction as other people when I see a rich guy not paying his arrears and his lifestyle not changing at all but it also happens with ordinary people, they do get themselves into problems which I can understand because of illness, because of unemployment but their lifestyle doesn't change. I have been all over Government, they keep throwing me from Department to Department, I was one day in my office and a chap on supplementary benefits came to see me about the

problem that he was having with telephone bills, water and electricity. First of all, I counted it, he had eleven video films under his arm, honestly, he had to put them on my desk, and then he showed me his bills. The telephone bill was three times my telephone bill, his water bill was about four times my water bill and his electricity bill, well I don't know, he must have been supplying the Generating Station. Let us take it in perspective, there are people who do not know how to adjust to situations which arise but I feel as strongly as that when I see people who claim that their businesses are going down and they are doing retrenchment and the first customer that suffers is the Government, they don't pay the rates or their telephone, water or electricity bills, but their lifestyle does not change, they still go or they used to go with their big yachts to Spain to play golf in Sotogrande, their children in public school, etc, etc and that I cannot accept. If you are going through a period of readjustment you have got to show it in your lifestyle, too. It is not just a question of sacking people, it is a question that you have to readjust your lifestyle and that also applies to the ordinary people. I also come to the question, which is emotive again, about pay as you earn where we say that the people on pay as you earn are the ones who are carrying the burden. I am on pay as you earn so I would like income tax to be reduced and distributed in another way but the system of pay as you earn is such that we cannot avoid it because everybody except for some really very honest people, everybody would like to avoid paying tax, it is a natural thing, and people do avoid tax even ordinary people who do spare time jobs etc, and let me tell you that it is not only businesses who avoid paying tax, other self-employed people avoid paying tax and I am talking of the taxi drivers. But what even hurts me more than people who avoid paying tax because they are in a position to do so is when I was Minister for Education and I had to deal with the maintenance allowance for students and we have the authority to assess it on the income tax return. It made me mad when very rich people had the cheek to demand the full maintenance grant. That to me is incredible and it also used to happen with taxi drivers. We had a few taxi drivers whose children had scholarships in UK and they were claiming wages less than a labourer. I will give you their names afterwards. What is happening now in Gibraltar is that some people are making a lot of money, good for them, but what is important is that that money must be re-invested in Gibraltar. It is no good making a lot of money and using it to buy yourself villas and yachts and all the rest or investing outside Gibraltar. If you want Gibraltar to flourish the money you are making in Gibraltar must be re-invested in Gibraltar, that is the message that I have for the business community. A lot has been said in the past about training programmes for youth. I am a bit disappointed on that score because it is obvious that the mentality of the Gibraltarian is still geared to certain

kinds of jobs and it hasn't changed. It is very much like the adage that you can take a horse to water but you cannot make it drink. The question of the future of the youth of Gibraltar is geared to a certain extent to training, I agree with that. The Gibraltar Government still manages to offer apprenticeships so that people can train in the disciplines that the Gibraltar Government requires. It would be far cheaper to go out into the open market and get people who are trained already. I don't want the Gibraltar Shiprepair Limited to do that. It is our company, it is a company not to make quick profits now, it is a company for the future, long-term, and I want that message to go through to the Gibraltar Shiprepair Limited and I want them to work with the Education Department so that they get their programmes right as to their future requirements so that we can send all those experts back home to Holland, Cyprus, Greece, etc. Despite all the criticisms levelled at the Public Works Department and let me tell you that the buck, as everything in Government, stops in the Public Works Department. The Public Works Department gets kicked for everything that goes wrong in Gibraltar. Between the Maintenance Section and the Electrical Section, 18,000 requisitions were dealt with last year but, of course, there is room for improvement and I am always prepared to meet the trade union side to look at means of improving productivity, I am always prepared to do that, but I am also prepared to be able to tell a chap: "You are not doing a normal days work" and be able to sack him. Just as I am prepared to reward the chap who produces more than their normal work norm, I am prepared to sack a chap who doesn't do his work whether he is a non-industrial or an industrial or a civil servant and, too, I can be sacked in three year's time. In fact, it is easier to sack an elected Member than some of our own workers who don't do anything because the proof is there, the last opposition were all sacked. It is a fact of life, there are some people who use up more energy not trying to work than working, it is a fact. The question of "my country, right or wrong" also applies to a union, "my member right or wrong" is the wrong concept. I am willing to meet the unions to talk about productivity but also productivity in the inverse order that if the guy doesn't produce he can be disciplined. He cannot be getting paid just to go to work and if you do a bit extra you get an extra bit of money, it cannot be like that. Let me mention, as I said, the question of monopolies. I realise that in the economic atmosphere of Gibraltar we have a system of monopolies which are controlled by the Government and monopolies which are controlled by the capitalist system. Sometimes it is good that a particular company has a monopoly because we take a share out of it or because if you had too many of them it would cause other problems but a monopoly like Cable and Wireless has in Gibraltar, that is a monopoly which must not be allowed to

continue, I think the Chief Minister mentioned it in his contribution. If Cable and Wireless do not give us a fairer deal on the question of what should come into the Government coffers, if I am here in 1987 when the new franchise will be negotiated, I will not approve that franchise. I think it would be the time to either nationalise or go to another company. Gibraltar is probably the best organised country in the world for refuse collection. There are very few countries in the world which have the service that Gibraltar provides. It is an exceptional service but, of course, it is very easy for people to criticise the service. We saw a film recently on television where the Headman of Catalan Bay Village was showing all the skips and the refuse all over the square in Catalan Bay. That refuse wasn't put there by the Public Works Department because the Public Works Department has a service to collect all the household refuse of Catalan Bay and a limited amount of trade refuse and what was seen on the film was household refuse because people didn't bother to put it out at night to be collected in the morning and trade refuse from the people who just chucked it out for us to collect again. Nowhere in the world have you got a service where you ring up and you say: "I have got some old furniture to be collected, will you please come", and Public Works does it. No, everybody dumps it, it is an attitude of the Gibraltarian. I remember when I used to go out on military exercises on Salisbury Plain where we had to take our packed lunches and our food, that one of the first things we took was a plastic bag to put the food in. I didn't expect to have litter bins in the middle of nowhere. We cannot expect to have litter bins and a refuse collection on all the beaches through the whole of winter, we cannot be providing this kind of service all the time, it is up to the individual. If there is no refuse bin put it in a plastic bag, take it home and put it in your own waste disposal bin. We cannot be providing a service 365 days in case somebody wants to go to the beach. If there is one service that the Public Works Department gives which is obvious to Gibraltar it is the refuse collection service. It is really good, we go all out, we spend a hell of a lot of money on it but people don't know how to use it. If people go out into the countryside, and the only comparison is the Upper Rock, if you go to the countryside you don't find litter bins all over the place. You take your surplus food and your scraps and all the rest, you take them back home but here we just throw them over the cliffside. It is not the fault of Public Works. I have talked more than anybody else but I think it is important, Mr Speaker, to realise three things; the unions have a great responsibility towards Gibraltar certainly on the question of the essential services and I hope this message gets through because at the moment we are being blacked with the waste heat boilers. I think the waste heat boilers will play a great part in the water we produce and the water we produce is not only a

question of desalination, we produce water from our wells, from rainwater, and we are studying other means of producing water and bringing water for Gibraltar to make it into an even more effective means of self reliance. The other important point I would like to make is geared to the business community. I might not have vision but businessmen are supposed to have vision. Let them have vision and not settle for quick profits, let them re-invest for the future, let them train even if it costs them a little bit more money, let them train Gibraltarians for the jobs because we cannot go back to the old situation of being dependent on other sources of labour which could disappear overnight or could bring us other financial problems which also affect us. The third point I would like to make, I think the Hon Mr Perez brought it up, is on the question of arrears. It is the duty of every citizen to realise that the arrears that he is not paying makes it more difficult for the Government to work and, in fact, adds to the question of raising income tax, I am sure that if we managed to pay a lot of our arrears very quickly we might be in a far better position. I will give you an example. There was a hiccup last year with the computer system and bills were coming in late. Bills were coming in late to my house, too, but I was putting money aside because I knew I was using the service. People don't get bills and they spend all their money and then four or five months later they want the facility to pay the money which they should have put aside. Let us have a sense of responsibility towards Gibraltar. It is not all the time the business people who do things wrong, we do things wrong ourselves. I will end, Mr Speaker, by saying that I hope that Hon Members opposite will not slaughter me for sounding too much like a capitalist or too little like a Socialist but that whatever I say I mean, I am sincere, I am always willing to meet Members opposite to discuss any problems that they have with regard to my Department and that I am always willing to listen to their advice and if it is to the benefit of Gibraltar I will accept that advice and I will tell the whole of Gibraltar that that advice has come from Members opposite. Thank you, Mr Speaker.

HON MISS M I MONTEGRIFFO:

Mr Speaker, this is the second Budget for us in Opposition, and after having carefully studied the Estimates for 1985/86, it is clear to us that what the Government intend to do once again is simply to maintain the Medical Services as best as they can in a situation where standards are declining. Obviously, this is not enough, because as far as the GSLP is concerned, the Medical Services in Gibraltar are not producing the results that people require. Added to this, there is now, as a result of an open frontier, a number of unknown quantities looming over the

horizon, which could very well put a significant burden on our already stretched services. We believe that what the Government is actually doing is hiding its head in the sand, as the saying goes. They are not prepared to face up to the problems that need tackling today. The Minister can say that the number of tourists making use of our Medical Services is insignificant. Yet, the information that we have is to the contrary. Moreover, not only tourists but Spanish residents are already seeking medical treatment in Gibraltar. We estimate this to be a process that with the early passage of time, can only lead to one direction. As and when visitors familiarise themselves with our medical services, more and more will be likely to make use of them. We also have the fundamental question of Spain joining the EEC in 1986. The Government have said in answer to our questions in the House, that dependents of Gibraltarians who live in Spain are not eligible to our Medical Services. It remains to be seen for how long the Government can maintain this policy. If at any time, someone decides to test it in court, we think the Government will be proved wrong, as they have already been proved wrong in other areas relating to the requirements of the EEC. If that were to be the case, Mr Speaker, then the Government have nothing to fall back on, because the expenditure for the Medical Services is being kept to the bare minimum. There is nothing which shows an improvement in the Estimates. The Opposition has already highlighted in the House the problems people are encountering at the Health Centre and at St Bernards Hospital. From the latter we keep receiving complaints of specific shortages of medical supplies in different areas and insufficient manning levels to cope with the needs of a reasonable standard of maintenance. Mr Speaker, there is evidence to prove that people are definitely encountering many difficulties within our Medical Services. As regards the question of maintenance, we asked the Government last year for a breakdown of the Public Works Maintenance Vote. This year, as we suggested, they have dispersed this vote to each particular Department, but again this year, we note that they have allocated the same sum of £50,000 for the maintenance of the Medical Services' buildings. Clearly, this amount we don't consider is enough. We would like to know whether the Minister can confirm what, for example, the Ministry of Defence spends in maintenance money for the Royal Naval Hospital and then we would be able to compare like with like. Mr Speaker, the information that the GSLP has and the many complaints coming to us from the patients themselves, only indicate that our Medical Services are stretched to the limit and they are barely able to give people the kind of service that they have a right to expect. Therefore, we consider that all this level of expenditure for 1985/1986 shows is that the inadequacy of the service is now being perpetuated for another year and no doubt it will be, because of the efforts of the people who work in

the Medical Services Departments - their own initiative and their hard work - that the Services will be kept going, but not because the Government is providing the money they actually require. Mr Speaker, it is clear to the Opposition, that this Government is unable to provide a comprehensive health service, and furthermore, we hold them responsible for the decline our Medical Services have been subjected to for quite a number of years now. As we have been reminding the Government, since we entered in Opposition, we believe that the number of people making use of our Medical Services is bound to increase as more and more people come in from Spain. So unless the Government provides more significant resources, we are convinced that our Medical Services will be progressively declining even further. Finally, Mr Speaker, I would like to mention something we have been consistently bringing to the attention of the Government since last year, and which has in fact been pending since 1979, and that is the upgrading of our nursing tutorial standards to UK levels so that Gibraltar qualifications eg, the Gibraltar Registered Nurse, can be automatically recognised by the UK. It follows that as the UK does not recognise the GRN, neither does the rest of Europe. The Government have said more recently in the House of Assembly meeting of 30 October, 1984, that a study of the outstanding matters is nearing completion and that it would be referred to the Council of Ministers for consideration. On the 15 January this year, the Minister again replied that it would shortly be referred to the Council of Ministers. In the last House of Assembly meeting, in answer to Question No.120, the Minister said that the Report has not yet been referred to the Council of Ministers. He said that one of the main requirements in order to meet standards acceptable to the General Nursing Council and thereby also to meet EEC Directives, is to provide tuition at a recognised level and that Management was considering how to fulfil the EEC requirements. Mr Speaker, as I have already said, this matter was first brought to the attention of the Government in 1979. Here we are with Spain just about to become a fully fledged member of the EEC. If Spanish qualifications are co-validated for Gibraltar and ours are not for the UK and hence the rest of Europe, it means that other people will be able to move into our nursing profession and ours cannot move into anybody else's. Therefore, Mr Speaker, in the light of this, I would ask the Minister to give this House a commitment that the Government will solve this matter in 1985, before Spain joins the EEC in 1986. Referring now, Mr Speaker, to my other shadow responsibility which is Sport, again, as in last year's budget, I would like to bring up the question of the GASA swimming pool and Government's longstanding commitment to build it, mentioned in their 1980 and 1984 Manifestos. Last year, we were told that £5,000 had been earmarked for GASA from the PWD Vote for the Maintenance of Government buildings, in the

form of materials. The Minister for Sport then said in the House of Assembly meeting in June of last year, that the Government was aware of their commitment to build it but they had to face the harsh economic realities of the day. He said that if the financial situation was better this year, they would be making a financial contribution. However, as far as we can see, there is again no provision for this in the 1985/1986 Estimates. Perhaps the Minister in his reply can confirm what the Government intend to do this year.

HON H J ZAMMITT:

Mr Speaker, Sir, I am going to base myself entirely on tourism and to inform the House that the criteria of the Tourist Office vis-a-vis the new situation brought about since the opening of the frontier has not changed dramatically, it is one where we are treading with cautious optimism. As the House is fully aware, Mr Speaker, we now have a new Director of Tourism, a man very highly qualified particularly in the marketing field and it is his mission at the moment to try and find out a marketing strategy vis-a-vis the tourists that are entering Gibraltar today although it would be wrong to rely on an analysis based on the February and March figures because it is not the tourism that one is to expect in the height of the season but it will give an indication as to where we can begin to look at to encourage tour operators and the like to bring tourists over to Gibraltar. Mr Speaker, much has been said about a touristic boom. I would not like to use the word 'boom' at this stage but it goes without saying that the February figures of excursionists and hotel occupancy from the spinoff of those excursionists and, as the Chief Minister very rightly said, the fact that Gibraltar is now seen as a two-centre holiday, we feel has encouraged quite a number of people to come over and spend a few nights in Gibraltar either by chance, that is to say, people coming over as excursionists and then deciding to stay and occupy beds for one, two or three nights, or the tourist that comes directly from UK and spends a few days here and a few days in the Costa del Sol. Mr Speaker, the excursionist situation which is not necessarily my primary duty as Minister for Tourism, I think my duty as Minister for Tourism is to fill the hotel beds because that kind of tourist is the tourist that spends and distributes wealth amongst the whole community as opposed to the excursionist but the excursionist, without any doubt, is a very important element within our situation for two reasons - (a) because we are very small, and (b) because we have a very good market to be tapped vis-a-vis a major world tourist resort in the southern part of Spain. Excursionists play a very important part in the trade of Gibraltar and it is here that I don't think I am lecturing but I would like to remind the House that they are a very important factor because they spend, it doesn't

matter how little they spend, they spend in Gibraltar and if we look at the 1984 figures and 1983 figures after the frontier opened partially and not forgetting that the Spaniards allowed to cross the frontier were not allowed to take anything back into Spain but nevertheless a contribution of some £2m was brought into the economy by the Spaniards then crossing the frontier, it doesn't take a great mathematician to be able to work out the value of the excursionists to the Gibraltar economy in the much larger numbers that will be crossing the frontier, particularly during the height of the season, and the fact that they can buy and take things back. That provides us, Mr Speaker, with an injection into our economy because the most inhibiting factor of trade in Gibraltar particularly over the last fifteen or sixteen years of restrictions has been the lack of cash flow and it is there that I think that people are now beginning to breathe. The trade is now beginning to breathe and find themselves with cash flow able to meet their commitments, able to expand their business transactions, able to employ more staff which in turn pay tax, so indirectly or directly Government as the main provider of services, benefits tremendously. That is the first very important factor. There is a trend in Gibraltar, with which I do not agree, that we should do nothing about it, that it is all made and people will come over anyway. I would tend to agree that the international coverage that Gibraltar received on the 5th February, if we would have had to have paid for that publicity it would have been impossible, so I think that we have reached the world and therefore it is topical, there is a mystical thing about crossing the frontier and I can visualise, certainly in 1985, very many tourists irrespective of nationality but particularly British, coming to the southern part of Spain and saying: "We are going to visit Gibraltar". This year there will not be a tremendous amount of advertising required to stimulate the interest that exists vis-a-vis Gibraltar but we must be very careful and I sound a note of caution here, Mr Speaker, because we must not allow ourselves to end up with a guinness beer situation and that is that they stopped advertising - those of us of a particular age can remember those big billboards all around, particularly England, where one saw the adverts 'a guinness a day is good for you' and all the rest of it, well, they decided to stop advertising, they decided to stop their public relations and they have now gone into a very big advertising campaign to the extent of even shirt advertising on a football team, Queens Park Rangers is doing it for them, and they estimate that it will take them sixteen years to get back to their position in the market once again. We must not allow ourselves to do that, we must keep plugging Gibraltar in a fair way, wherever we feel there is a market which is not now just UK, we must not dilly-dally about it and get interest created and get more people coming here from all nationalities. Mr Speaker, we have spoken here of the kind of tourist we want. There is an expression

used, the 'beer and braces brigade'. I think we must go up-market because Gibraltar, certainly in comparison to the southern part of Spain vis-a-vis hotels, is more expensive and therefore we are going to have to aim at a little more up-market kind of tourist but the beer and braces brigade which are, if I may say with great trepidation, possibly the tourist that comes to the Costa del Sol on package tours, are a very important factor and they are very good spenders, there is no doubt about it, they spend an awful lot of money so in going up-market we must go up-market for our hotel occupancy but we must not discourage or become snobs and dissuade the excursionists that do come here who, one may say, are rather more careless with their money and they spend and they spend well. We must take advantage of all the virtues that Gibraltar has. Mr Speaker, we also say that we have never attempted to compete with and we will not attempt to compete with the Costa del Sol, we are two different entities, we say Gibraltar is unique, Gibraltar is complementary to the Costa del Sol and Costa del Sol is complementary to Gibraltar. We do not wish to compete with the normal holiday resort situation that Costa del Sol can afford. We feel we have that kind of thing in a smaller scale, the sun, the sea - I will leave the other one out - the rest. We also have more cultural appeal, our heritage, military history is very prominent and, in fact, in the not too distant future we hope there will be a tour operator called Battle-field Tours conducting excursions to Gibraltar. We have ornithology, bird watching is a very specialised tourist trend and sporting facilities and sporting activities are also a tremendous asset. It is these specialised holidays that give us what in fact we have been achieving in a smaller way over the past years and that is the high level of repeat traffic. It may surprise people to know that we have had 40% repeat traffic with the Spanish restrictions and that is exceedingly high because those people who have come here have come through either patriotism, sporting activities or any other specialised activity be it bridge, be it pot-holing, flora or fauna and we have been able to attract that market in a small way and we feel we could attract even greater numbers to Gibraltar. Mr Speaker, the other major problem that we have faced and which I have spoken about here for God knows how long, has been air communications. I think it goes without saying that I do not have to emphasize the way Gibraltar has been treated vis-a-vis air communications. Every day I receive letters of complaints from people who are unable to get here and it is brought all the more to light today by people who are coming to Gibraltar that have to come to Gibraltar not because they opt to come to Gibraltar with a choice of other destinations but because they have to come to Gibraltar on business or what have you and have to come via Malaga because they just cannot find a seat on the Gibraltar run and there are lack of seats both ways. I am delighted to see that soon we will be seeing a new operator

coming in with a scheduled flight, hopefully commencing with a flight from Manchester and other destinations which I think we need badly. Mr Speaker, I think we have assets in Gibraltar, I think that we Gibraltarians take things for granted, we take Gibraltar's beauty for granted, those Members of the House who have not been going to Spain for the last fifteen or twenty years and most of us have now gone over, it is beautiful to turn back and look at that lovely Rock of Gibraltar when you are six or seven miles up the road, it is beautiful. It is something that is a landmark and is visible for miles around. We take for granted the natural beauty of Gibraltar, we take for granted the intricacies of Gibraltar. I think we also take for granted that an awful lot more could be done for Gibraltar with little effort. The beautification of Gibraltar, the cleaning of Gibraltar and the services afforded by Gibraltar could be improved and we have to improve, there is no doubt about it. The opening of the frontier now makes us comparable to other resorts and we can be better. We must all contribute to making Gibraltar what it ought to be. Already there are most favourable remarks about Gibraltar but it needs polishing up. I had a letter the other day that said that Gibraltar was like a lovely old lady but required an awful lot of make-up, powder and scent because it smelt. I think we can do that but it requires a determined effort. We hope, Mr Speaker, that the new impetus given by Government in trying to stimulate tourism, there is an entirely new set-up in the Tourist Office today, apart from the driver and myself everybody else is virtually new, there is an enormous amount of enthusiasm, there is an enormous amount of determination and there is a will to see us succeed. We need help from everybody, particularly in the tourist trade, to try and get the least number of complaints about Gibraltar and above all, may I say, Mr Speaker, the one thing that we have as part of our heritage is the warmth and the friendliness of the people of Gibraltar and people appreciate that kind of friendship that we are always prepared to give. Mr Speaker, the Hon Mr Pilcher was asking as to our projections under the Finance Bill with regard to the £300,000 revenue from our sites. It is a rough estimation because, of course, one doesn't know how many will come and how many will not come. I can say, and it is public knowledge, that we are receiving roughly about 1,000 people a day in St Michael's Cave. We are receiving a small fraction of that at places like the Galleries and the Tower of Homage. The Galleries have a parking problem and therefore it is impossible after there are six cars there for people to park because it does take 45 minutes at least to walk around the Galleries and it is a problem so we are finding that where you get, I think my figures are correct, 24,000 going there during the month of February, that is between the 5th and the 28th, we found something like 4,000 going to the Galleries. The Tower of Homage, I offer no apology, I personally think it is a rip off, an absolute rip off. Because of the position of

the prison we cannot allow people to go on the roof, we cannot allow access to certain areas and, in fact, we intend to reduce the entrance fee. Mr Speaker, we are talking of roughly £1,000 a day, that is £365,000; but then of course there is the 25% that we pay travel agents, tour operators, the Taxi Association and the other people who take conducted tours there so we estimate roughly about £300,000. It could be up, I hope it is, in fact, I have got a wager with the Financial Secretary that I will make £0.25m at St Michael's Cave, I hope I am right, but that is a rough calculation. Mr Speaker, having said all that there is one last word of caution that I would like to sound. I have spoken of the excursionists and the spin-off of hotel occupancy which, as I say, February has been the highest that I can recall and I think the highest ever of hotel occupancy and no doubt March will be equally high but I haven't seen those figures as yet. There is an element of great concern and worry and that is that the hotels obviously have what they call 'a walk-in rate' as opposed to a contracted rate with the tour operators normally on an all-year round basis. I hope that they are not over greedy in taking in all the walk-in rates at obviously much higher rates than the tour operators and abandon the tour operators who serve all the year round and, in particular, those tour operators and travel agents that have served us so well during the years of crisis. I hope that they do not do us a disservice by doing that. I am not going to dictate what they should do but one sees the business value of accepting more walk-ins at four times the rate than what they would charge a tour operator. I sound this warning because if we do lose any of our tour operators then of course our air seats can also suffer the consequences. We do not want to become a stepping stone to Costa del Sol. I think Members opposite will see that Government is doing its utmost to its commitment with regard to tourism with the impetus it has given to tourism. There is no lack of enthusiasm by anybody in Government or in the Tourist Office and I am sure that the determination shown by the trade in offering a better service, in sprucing up their own product, will ensure that Gibraltar will become a very valuable tourist resort from which we Gibraltarians, all of us, with an attitude of mind that may require some changing, will benefit. I cannot force people to be waiters or hall porters or what have you but the opportunity is there for us to grasp and today we are at the crossroads and we must not get it wrong now. Any mistakes we make now regarding this world industry of tourism we may regret and it may be irreparable. Mr Speaker, with that, I have nothing else to add, thank you, Sir.

HON J L BALDACHINO:

Mr Speaker, last year in my contribution on the Appropriation

Bill, I started by saying that without any doubt the most important area in the whole of the Government expenditure from our point of view of what was the most difficult problem to resolve and what had proved to be the most controversial throughout the years was housing. Mr Speaker, the housing problem in Gibraltar did not start in 1981 when the British Government stopped ODA money for housing because back in 1974 both the Chief Minister and Mrs Ellicott were referring to the housing situation in Gibraltar at that time. Without any doubt the situation has not changed, Mr Speaker, and without any doubt the Government has no policy as is clearly reflected in what they are bringing to the House this year because they are not building any more houses. We were critical at the time when the Hon Financial Secretary brought the Bill before the House to borrow money precisely to do what he is doing now, that is, to put it on the reserves when normally that money could have gone into the Improvement and Development Fund and part of it could have been used to build more houses. The situation as it stands now, Mr Speaker, is that the Improvement and Development Fund having committed all the money they have borrowed before will stand on the 31st March, 1986, at £93,329 which leaves very little for housing. I suppose that the expectation of the Government is to convince the British Government to give money from ODA to build more houses. The real situation that we find ourselves in Gibraltar today, Mr Speaker, is that there are well over 2,000 people in the housing waiting list, there are people living in slum conditions and in condemned dwellings, there are people who are homeless, living in the street, and the Government, Mr Speaker, is doing very little to provide the people with houses. There are two fundamental things, Mr Speaker, and that is that people have a right to employment and they also have a right to have a roof over their heads which the Government does not provide and is not legally bound to provide and therefore the pressure even though great on them is less great because they don't have to be providers. Mr Speaker, they have carried out certain measures to create incentives and one of them was the reduction of the 10% in rates for those people who buy houses. I would like the Government, Mr Speaker, to consider what I said yesterday and that is that people who cannot afford a house should also be given the same privilege of having that 10% reduction on their rates to make it fair and just, otherwise it would not be just and it would mean that people in the lower income bracket would be subsidising people in the higher incomes for housing. The Government, Mr Speaker, has announced two schemes to reduce the housing waiting list in Gibraltar. We are against the scheme regarding the sale of houses to sitting tenants. Mr Speaker, what will happen when they sell to sitting tenants, if they are, in fact, successful and if people really want to take advantage of that, is that the Government

will have a reduced rent roll because they are selling the houses that are more expensive, in other words, the houses that have a higher rent at a cheaper price than what they really cost. In turn, Mr Speaker, the Government will develop very few houses thereby reducing the Government housing stock. In the transitional period, if we can call it that, that we find ourselves in relation to houses, Mr Speaker, I think that could be the wrong policy because what we really need are more houses and if they are going to reduce the housing stock then that in no way will help to solve the housing problem. As I said before, they will lose revenue from rents because they are selling the most expensive houses. Mr Speaker, for years there have been reports by experts saying that insufficient money is being spent on maintenance which means that the housing stock is gradually deteriorating and the Government is not providing for the replacement of the housing stock and, of course, what is happening there, Mr Speaker, is that the Government is neglecting some of its houses and therefore it will now cost much more to maintain. They were financing housing with ODA money, Mr Speaker, and in practice what they were doing was they were taking it as a gift from the United Kingdom Government and they were treating it as a grant which was being written off as a grant and not being reflected in the Housing Account which in our view is wrong because now they find that if they had charged the Housing Fund they could have had the money back and probably they could have used that money to maintain and to build other houses. As I said before, Mr Speaker, it seems that the Government is limited to two options. One is the hope that they may be able to reverse the view of the British Government that no more money should be provided for houses and I do not rate their chance of success very high. The way that it is shown in the estimates is a way to get round the British Government because they say they haven't got enough money in the Improvement and Development Fund and that they are raising their reserves by £2m, however, I do not think that will be very helpful at all. The second, Mr Speaker, is the hope that they will be able to raise £2m or £3m by selling the houses but there is no clear indication that people are really interested in buying their houses. If either of those two options fail the Government hasn't got any fallback position and the situation will then only be worse than what it is today because they will not be able to build any more houses because the Improvement and Development Fund has not got the finances to do that unless they use borrowed money and if they are going to do that why not use the borrowed money now and start building now. When the development of the Vineyard site was first announced I expressed my reservations. The answer I got from the Hon Member, Mr Speaker, at the time was that if the announcement wasn't made at the beginning of the financial year it would be made at the end of

the financial year. We have not had an announcement as I would have liked to have seen in the House because really it could reflect on the people who are living in bad conditions and they are now saying that they have received two tenders and they are now considering which is the better of the two but it has taken a year to do that, Mr Speaker, and it will probably take another year before they build the houses and before people will be able to buy them so probably, Mr Speaker, they are making announcements in the House at budget time and it will take two financial years to complete it and the housing situation in Gibraltar, Mr Speaker, cannot afford that. The Government haven't got a clearcut policy on housing, that is quite clear. In 1981, Mr Speaker, precisely the same thing happened as the Gasworks. In 1981, the Hon Minister for Economic Development and Trade announced that they were going to build houses in Engineer Lane. It is now 1985 and there is still no indication of those houses being built. It is just a question of announcing in this House, Mr Speaker, but very little is seen in the way of development, very little is seen on the part of the Government to help those people who are really in need of houses. The Government is relying on private developers to provide dwellings and even then when one thinks of the difficulties which are being put in connection with the Gasworks project one must also be critical of the Government policy. I would like this to be checked, Mr Speaker, because the Hon Mr Canepa said when speaking on the Finance Bill yesterday, that the development of houses being built by private developers in Devil's Tower Road was on the way and I would like the Government, Mr Speaker, if possible, to tell me if they have checked if the construction of that building meets the requirements of the law because I have been there and what I have seen is steel girders with steel floors being bricked up. I don't know if that is the way it is going to be constructed or not but one must ensure the safety of the people who are going to buy the houses and if it is up to the requirement of the Gibraltar law on construction. It is not a question of building houses cheaper if they are going to be unsafe, Mr Speaker. I am not saying that those buildings might not meet the requirements but I think one must look into these things. One of the provisions of the Gasworks project is that after five years whoever buys a house can sell it to somebody else in the housing waiting list. That is why I said yesterday in the Finance Bill in answer to what the Hon Minister for Housing said that we had to wait and see, when he was saying that this side of the House had been wrong and also Mr Canepa made reference to that, that what people were saying in the streets was that Mr Bossano was wrong on Gibraltar Shiprepair and that Mr Bossano was mistaken with the opening of the frontier and this is one area, Mr Speaker, where we would like to be proved wrong but possibly we are right and I still maintain that the interpretation given

by me to Article 9 of EEC Regulation 1612/68 is the correct one and that the Government is just hoping, and what I mean by that is that one of the provisions in this scheme, Mr Speaker, and any other scheme is that after five years you can sell your house to anybody that you want who is eligible for inclusion in the housing waiting list and that, Mr Speaker, comes into conflict with what I said and I haven't had a satisfactory answer yet from the Government saying the contrary. They have stated that they think that they will be able to defend it but that is only a pious hope, Mr Speaker, and the housing situation in Gibraltar cannot be based on hope. The other danger is, Mr Speaker, that if I am right, EEC nationals will become entitled to housing and in that way they will most probably be challenged by an EEC national and then they would be eligible to buy a house which is also contrary to another EEC Regulation, the right of an EEC national to acquire property or to buy property in another Member State, so we have in conflict two Regulations there, Mr Speaker and also that the person who wants to sell his house if he has a higher offer from an EEC national then he most probably would also take the Government to Court because the Government is saying that he must sell it to somebody else and the situation might arise, Mr Speaker, where everybody in Gibraltar will be living in Spain, in La Linea, and commuting and we will have our houses taken over or being bought by an EEC national who prefers to pay a little bit more and live in the comfort and in the security of Gibraltar than living in Spain in the Costa del Sol and then we could become another Monaco, Mr Speaker, where everybody will be rich and the natives of the country will become labourers commuting from one place and another. That will also have to be seen, Mr Speaker, because they are basing that scheme in such a way not only so that people will buy their houses but also to reduce the housing waiting list and if that materialises as I have said then they are really in deep waters. Mr Speaker, the Government is actually basing the housing situation and basing its policy on hope. They haven't got a clearcut policy on how to reduce the housing waiting scheme. They didn't have it last year because one of my first questions in this House was to the then Minister for Housing, Major Dellipiani, when I asked if he could tell me by how much the Government would be reducing the housing waiting list in the next financial year and he couldn't give me an answer. I asked the Hon Member, Mr Speaker, I think it was two sessions ago, the same question and he still couldn't give me an answer and he cannot give me an answer because they haven't got a policy and if they haven't got a policy then they will never reduce the housing waiting list, not only will they not alleviate it but they will not find a solution to what is already a difficult situation. I am not saying that it is easy to find a solution to the housing situation in Gibraltar, I am not saying that, what I am saying is that the longer it takes

the more difficult it will become because they haven't got a clearcut policy. Therefore, Mr Speaker, the prospect for future generations of Gibraltarians seems to be that the housing situation will get progressively worse with every year that passes. There are already many Gibraltarians, Mr Speaker, who are being forced to move into La Linea, either they have been forced to live in La Linea or they have been forced to be homeless and live in the streets, those are the two options they have today in Gibraltar and probably it is easier for people to go and find some place in La Linea and live there than live here underneath the Tower Blocks or in a container, that is quite clear. Mr Speaker, this will have long-term serious political implications for which the Government does not seem to have the answer and the political implication that this has, Mr Speaker, is that if they are forced to go and live in La Linea then, Mr Speaker, there will be very few Gibraltarians living in Gibraltar and all our Gibraltarians will be living in La Linea and possibly that will bring implications to the question of the Spanish claim to Gibraltar.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Mr Speaker, the last intervention by the Hon Mr Baldachino has me completely puzzled. It is so easy, so glib to say: "They have no housing policy, they have nothing whatsoever". Even if we had no housing policy it is interesting to note that no alternative is offered but we do have a housing policy. Our housing policy is to build as many houses as we possibly can in the shortest possible time but one thing is to have a policy and another thing is to have the money to carry it out and as, I think, everybody must be aware, at the present circumstances in Gibraltar finances we do not have money. The Improvement and Development Fund for many years was fed with money from the UK to build housing but of recent years the Government in the UK has said that they cannot give us any money towards social schemes such as education and housing. This doesn't mean to say that we are still not going to ask for money for housing. We are putting together a new submission for aid to the UK and we will ask for aid for housing but we have severe constrictions on the thought that this will

be forthcoming and therefore any money that we do have for housing will have to come from our own resources and this is one of the reasons why we are actually going into the process at the very moment of selling off some of our housing stock so that we can obtain money which we can plough back into further housing. In the coming year we do plan to build a modicum of housing in Knight's Court in the undersection which we can convert into bedsitters but we have plans for possibly putting an extra storey on the blocks at Laguna Estate where the roofs are beginning to become rather old and an extra storey with a pitched roof would solve the problem for many years to come. But, as I say, it is a question of getting the money and until we get the money we are unable to build any housing and since we are unable to build any housing we are unable to give out housing to those people on the waiting list. It is very simple for the Opposition to say: "They do nothing to reduce the waiting list". Of course we do nothing to reduce the waiting list, we have nothing to reduce the waiting list with. This may be something to laugh at at the moment but I wonder if they were on this side of the House exactly how much they would reduce the waiting list, very little I would think. The waiting list tends to grow and grow for a number of reasons not because people are specifically wanting a house but because there are factors which demand that you get on to the housing waiting list so that you can get other advantages. For example, it has been said that to obtain a house in the Gasworks site preference will be given to people who are on the housing waiting list, therefore, anybody who at the moment is not on the housing waiting list and hopes to get a house at Gasworks, immediately rushes in, gets his name on the waiting list and so the waiting list becomes more inflated. That still doesn't mean that the person is actually wanting a house but he wants to get his name on the waiting list.

HON J BOSSANO:

Mr Speaker, will the Hon Member give way? Isn't it the case that the Government has said that people have to be eligible to join the waiting list so, in fact, they don't actually have to apply and be on the waiting list to prove their eligibility, surely?

HON M K FEATHERSTONE:

Yes, we have said that but people don't take the word eligible as such, they prefer to be actually on the waiting list to prove that they are eligible. We have had instances of people actually saying: "I would like to get a house at Gasworks so I must get myself on the waiting list". As I said, the question of the Improvement and Development Fund is such that we are

putting a small modicum this year towards some extra housing and if the out-turn does come far better than expectations and the money borrowed is not needed for recurrent expenditure but can go into the Improvement and Development Fund, then even more can be spent on housing as such. There was a question brought up with the sale of houses that this would reduce the housing stock and therefore reduce the amount of rent that Government was receiving. Of course it would but at the same time it would reduce the maintenance costs and the burden on Government to maintain those houses so therefore you gain on one hand even though, perhaps, you lose a little bit on the actual rent roll received. With the money that we would generate from the sale of those houses we would be getting rent on the new houses built. A point was brought up whether new housing being built is built to satisfactory standards. I can assure the Hon last speaker that the Public Works engineers see that the plans for any new housing comply with all the safety and structural requisites of the law so I don't think there is any need to worry on that score. I would be the happiest person in the world if I could see another Varyl Begg Estate being built tomorrow. I am continually accosted, approached, asked to see people whose main concern is can they get a house. They may have a house but they would like to have a better one or they would like to have an exchange, etc. All I can promise them is hope, I cannot promise them a house within a week, a fortnight or even six months time, this is a fact of life. I do not say to them: "Go to live in Spain", but I can understand their feelings if they say: "Our only answer is so to do". It is a pity that they go to live in Spain because this depletes the Gibraltarian stock as such, it is a loss of our economy and a gain to the Spanish economy but it is a fact of life and I wonder how much ice it would cut with Britain when we go and approach them for further aid for housing that we tell them that people are actually going to live outside the British territory in a foreign territory where they find accommodation which they cannot find in their own homeland. I hope it will cut some ice, I hope that we will get some further measure of assistance from the United Kingdom although I have some doubts on that possibility. As I said, we do have a housing policy but we don't have the wherewithal to carry it out. Let us hope that in the future years to come we will have that wherewithal and then the accusations from the Opposition will be of less consequence than perhaps they are today. Turning to medical services, Mr Speaker, I felt like commenting that the Hon Miss Montegriffo was a Cassandra but Cassandra was a prophetess of gloom to come and she was always right whereas I rather feel that the Hon Miss Montegriffo is a prophetess of gloom not to come. She has been trailing the red herring of the great influx of people coming to burden our medical services from across the frontier for at least the last six months and it has still not materialised

and I think she does not fully appreciate that our commitment to see people who come from across the frontier is if they are taken ill in Gibraltar. We do not import illness for our medical centre to deal with, they have to be in Gibraltar and be taken ill here. It is no good them coming in an ambulance from the Costa del Sol and saying: "I have got a grumbling appendix, I want to see the Health Centre or I want to see the Hospital", because that is not the agreement that works anywhere. They have to be taken ill in Gibraltar and then we are happy to see them and, as I have said, at the moment the numbers that we have had to see so far has been very small indeed. It is not right to say that our hospital services are stretched to the limit, stretched they may be but not to the limit because we are still able to keep our heads well above water, we are giving, as I said in the debate only the other day, a service second to none, a service which I think would be envied in the United Kingdom. Where else can you be dealt with in a matter of weeks, even days at times, for operations as you can in Gibraltar? In England in many instances you have to wait months or even years. We are increasing the number of doctors in the GPMS service by one which will remove the strain and should see that all emergency cases are dealt with on the same day. We are increasing the number of doctors at the Hospital by one so that we have a doctor available in the Casualty Ward day and night and this should remove some of the criticisms that people have had when they have gone to the Hospital and have not been attended to with as much dispatch as they feel they would like. I was asked by the Hon Miss Montegriffo where did the extra £150,000 in Hospital fees come from? Well, approximately £110,000 of that is from the extra stamps paid on the Health Scheme and the odd £30,000 to £40,000 is from increased fees in the private corridor. As I have said before, Sir, our Hospital services, I feel, are in an excellent condition. This year we have basically seen that the services are continued to the same level as last year which did not give cause for concern. Naturally, we would like to be able to improve the Hospital services and again it is a question of money but until such time as improvements as such can be made, I think we can live very comfortably with the services that we do have at the moment which, as I have said already, I feel are second to none and would be the envy of many areas in the United Kingdom. Thank you, Sir.

HON R MOR:

Mr Speaker, you will recall that last evening you very wisely advised me to leave departmental observations for this debate and I am most grateful to you for that advice. If I may refer to the Department of Labour and Social Security, the first item I would like to draw reference to is the family allowances.

The revised estimates for 1984/85 was £750,000 and the proposed estimate for this year is £756,600. As you can see, Mr Speaker, there is very little difference in the amount that is being estimated for this year and I am saying this because we have received confirmation from the Hon and Learned the Attorney-General to the effect that as from the 1st January, 1986, when the Kingdom of Spain is accepted within the Common Market that Spanish nationals will be entitled to family allowances and then, I am given to understand, Gibraltarians who are residing in Spain would also get the family allowances. As you can recall, Mr Speaker, not very long ago legislation was passed in this House to the effect that Gibraltarians would not be entitled to family allowances, I am referring to those residing in Spain, and now a few months later that legislation would have to be repealed which we believe shows very little foresight on the part of the Government. I think, Mr Speaker, we would like an explanation as to whether the estimate for 1985/86 is suitable for family allowances. The other point I would like to raise as regards this same Department is that there is an item here, Subhead 15, which refers to Elderly Persons Pensions. Mr Speaker, you will recall that not so long ago the legislation on the elderly persons pension was repealed in this House so why there should be a reference this year for this Subhead also requires an explanation. On a more general reference on the Department, Mr Speaker, I think that once again we should raise the question of arrears where I certainly feel that double standards are being applied and I think perhaps an excellent example of this is a case where, I believe it was the Hon Adolfo Canepa defended in this House which referred to a particular Hotel which had substantial arrears and he defended the Government's position by saying that if they forced this particular Hotel to pay that this could possibly create unemployment and that was the reason why they were not insisting on the collection of arrears. This would seem to be completely inconceivable when not so long ago there was a case where a 91 year old lady owed £10 and she had her electricity and water cut off which I believe is really very bad on the part of the Government to have taken such harsh action against individual consumers and on the other hand defending that other big businesses or Hotels owe substantial amounts in arrears. There was also a case recently, Mr Speaker, where again there seemed to be that two Government Departments appeared to have opposite policies. This particular case is a case of co-habitation. We have a woman who is co-habiting with a man, the man is maintaining her and her children as well and this man approached the Income Tax Office with a view to getting allowances in this respect and the Income Tax Office said that he couldn't because he was co-habiting and because there was no marriage involved, that unless it was a lawful wife he would not be able to obtain any allowances for her or her children.

This woman then went to the Department of Labour and Social Security and claimed supplementary benefits because I think it is normal that each individual should have some source of income and the Department of Labour and Social Security said that their policy was that since she was being maintained by that man then she was not able to claim supplementary benefits. I raised this case with the Hon Adolfo Canepa and he promised me that he would investigate it and that he would give it some thought. I would be interested to see what the Government's reaction is. I think this completes the observations I have on the Department of Labour and Social Security. If I may now turn to Education, Mr Speaker. Our policy on education is that education is essentially the responsibility of the State and that education must therefore be free and no financial burden of any kind must be placed on families and we believe that this is a wise policy because it gives each and every single child an equal opportunity in life irrespective of the income of the family. Last October, Mr Speaker, the Hon George Mascarenhas issued a statement in this House to the effect that parents would have to pay 50% of all examination fees. We now have a situation where young people who have passed the minimum school leaving age and are now in the College of Further Education, their parents are being required to pay 50% of examination fees. I think this is in conflict with the policy that the Government pays all examination fees for young people who have scholarships and are carrying out their scholarships in UK so I believe there is a conflict where on the one hand these young people in the College of Further Education who are, in fact, undertaking further education, their parents are required to pay 50% of examination fees and yet for people with scholarships the Government is paying the full amount and I think this is a contradiction and we feel on this side of the House that these fees should be waived for any children who are in the College of Further Education. On the question of scholarships, Mr Speaker, in today's Gibraltar Chronicle there is an article on something that the Hon Minister for Education said and it says in the article that he criticises the GSLP policy on scholarships awards and he says that if our policy were to be introduced they would require an extra £400,000. Mr Speaker, I am most grateful to the Hon Member for giving us this information because what it shows is that half of the children at schools are being denied the opportunity of going for scholarships. If you have a budget of £363,000 and you require another £400,000 to send the people we are saying that the Government should send then it is quite clear that half the people who could possibly be going for scholarships are unable to get it and we think it is a serious thing. We only expected that it could involve a few extra children but not that substantial number. The Hon Member goes on to say, Mr Speaker, that what the GSLP suggests is very unsocialist as it would

encourage a system of patronage whereby the big family names in Gibraltar would write off to the universities to ensure a place for their children at a time when university places are on the decline with the Tory education cuts. The only thing I agree with is the latter part which says that university places are on the decline because of the Tory education cuts but, Mr Speaker, what is the position now? Aren't the wealthy families able to write and obtain places for their children? What is the difference? What we have said all along is that you should do away with the pointage system and that any student who by his qualifications can obtain a place in a university or college, that that person should be granted a Government scholarship. There is also another thing on scholarships, Mr Speaker, and that was that during a programme on television where the Minister for Education was facing four students, he claimed that the budget for scholarships was 24% of the total education budget excluding personal emoluments and I have checked the figure and it is absolutely correct, 24% exactly. My point is, Mr Speaker, if you would recall last year I raised a comparability exercise where I also took off the personal emoluments and proved, according to this comparability exercise, that the spending on education was on the decline. If the Minister is right in saying that 24% of the education budget goes on scholarships why was my comparability exercise rejected last year and criticised? I believe that the Hon Mr Perez said at the time that personal emoluments was a fundamental expense of the education budget. Obviously, Mr Speaker, the only explanation is that the Minister was trying to impress the people of Gibraltar and he took the opportunity of doing it there. One other point on scholarships, Mr Speaker, where some parents have approached me and complained about is the parental contribution and their position in this respect. After their income is assessed they allow £5,000 and anything beyond that they pay 10% or £1 for every complete £10. Mr Speaker, that does not take account of what the parent has already paid out in income tax and given the high rate of income tax that exists in Gibraltar, I believe that the parents do have a case on this and perhaps the Government can have another look at this legislation. The last point I would wish to raise on education, Mr Speaker, is as regards the College of Further Education. On page 31 of the estimates, Mr Speaker, the establishment of the College is listed and there you will find that part of the complement is one clerical officer and one typist. You will recall, Mr Speaker, that not so long ago there was quite a dispute which could have turned into a major dispute because the Government was not willing to take over an MOD clerical officer and a typist. Mr Speaker, the position is that at the time when I raised this matter in the House I was told that the Government could provide the services to the College from its own Department and yet, Mr Speaker, if you

look at the Auditor's Report there is a criticism of the Education Department that they, in fact, cannot even do fully their present workload let alone take on an extra task which obviously has arisen as a result of the taking over of the College. I would invite the Hon Member to give me an explanation on this. Thank you, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, firstly I will deal with education which is by far the largest Department for which I am responsible. Hon Members opposite will note that there is an increase of over £0.5m for 1985/86 over last year's estimates. The reason for this is, of course, the College of Further Education which represents the largest single investment in education that this Government has made over recent years. The Gibraltar Socialist Labour Party were fortunate enough or unfortunate enough to make public their intended policy on scholarships if they are ever in Government and I shall be saying quite a lot more on that a little bit later on. For the moment I wish to state that the level of expenditure which the Government will make on the College of Further Education is geared to those who are unable to aspire to higher education outside Gibraltar, for many reasons but particularly because the majority of people are not so well endowed with a mass of grey matter, that is the reality that we cannot get away from, not everybody can be that clever to obtain a degree in a British University. Having said that, the majority of people are also entitled to some form of education even after school leaving age and the minority who are the ones with the grey matter already, we feel, are well catered for through the scholarship system.

HON J BOSSANO:

Which group does the Hon Member put himself into, the minority or the majority?

HON G MASCARENHAS:

That is for other people to judge. We feel that the grey matter minority is well catered for in our scholarship system. For the rest of us who do not aspire to go to university - there is your answer - the Government feels that there is a responsibility to cater amply for that sector which is in the majority and the College of Further Education will very hopefully be able to cater for the demand in that field. As I said, on the scholarship system, there are a few things that I wish to say but I will leave that for later on in my contribution. The College of Further Education, apart from anything else, has created a substantial number of jobs in increasing the teaching establishment, the industrial establishment and I

wish to take this opportunity to reply to my Hon Shadow, Mr Mor, on the question of the administrative staff. Yes, you are quite right, the Department of Education is quite heavily burdened and for that reason there will be a staff inspection in our offices very shortly to establish exactly how many extra bodies we need. The College of Further Education is a new concept in Gibraltar, we haven't got any experience to go upon. Hopefully, it will be able to cater for the demands which will be put upon us by the employers and accordingly it will have to react to what the market demands. If this is not so then, perhaps, we might have an element of a white elephant. It is essential that if the College is to prosper and to succeed, which is our intention, there has to be a very close liaison between the employing market and the College. The flexibility will be in-built, the courses that will be run will be run according to demands from the employing market, therefore, if there is a need for catering courses because the catering industry requires them, the College will be able to offer these, that is our intention. Courses, for example, in computers are already over subscribed, we have a considerable waiting list for courses in computers and it is our intention in September, 1985, when the College commences, to enlarge the courses for computers. The other sphere that the College will have to cater for is the professional secretarial jobs which hitherto had been supplied by expatriates and we feel that there is quite a substantial element of young people in Gibraltar, particularly from the Westside School, who if they haven't got sufficient grey matter to go on to further higher education, opt for commercial classes in the Westside School at age sixteen, even earlier, but particularly at age sixteen which is the school leaving age and rather than leave school they remain there for a year and they do a commercial course but unfortunately it has been found in the past that those commercial courses left much to be desired and there is a need to train secretaries and the like to a much higher level to be able to feed into the finance sector which requires this high level of very competent staff which there is no doubt the Gibraltarians can provide and there is no need to resort to having to import the expertise. If the Gibraltarians are supplied with the training there is no doubt in my mind that they will be able to succeed where expatriates succeed now. I am glad that the College of Further Education has matured and is being implemented this year, I think the timing has been perfect from our point of view, it would have been that little bit more perfect if it had commenced in September, 1984, so that it would have been able to take in the open frontier. Unfortunately, this was not possible but now having seen an open frontier, and the take-over was on 1st April, as Members know, Mr Speaker, and the commencement will be in September, 1985, I think this will give us these few months to be able to gauge where the demands will be from the employing market because the technological side is well catered for, the lecturers are there, they will continue to be there and we are satisfied that that side of the College will function perfectly as

it has been doing over the years. But the commercial side, of course, is very much an unknown quantity, as I said earlier and these few months, between now and September, will allow us a time to be able to gauge exactly what the needs of the employing market will be. Allied to that, the College of Further Education will also envelop the evening classes, the adult continuation classes and the evening classes. We will retain the John Mackintosh Hall, the north wing, which we have had for a number of years. We are unable to cater for the continuation and adult classes in the College itself so we shall retain that for the time being and it is our intention that those classes should continue. They provide a useful service to people who wish to further themselves and, apart from that, it is also our intention that the evening classes should be opened up to non-residents. They should be opened up to non-residents without in any way being prejudicial to the residents of Gibraltar, the taxpayers, that is our intention. On that point I would also like to mention that it is Government's intention to introduce summer courses for non-residents which will be non-residential courses in that accommodation will not be an element in it. Beginning this summer we shall be starting on a very low key and catering, hopefully, for between 100 and 120 students on English classes and the courses will run for approximately four weeks. These will be charged at a commercial rate which I can tell you will be in the region of about £80 for tuition fees and the like. These could be expanded as and when numbers were to increase. There is, of course, the element that the teaching profession which is traditionally a badly paid profession, will be able to earn some money over the summer months which will not be in conflict with their normal school year. Obviously, if we are successful in that and you get a number of Spanish students or any other nationality coming into Gibraltar to learn English in those courses there must be a spin-off into other areas of the economy and that is our intention. If we are successful this year then next year we shall be a little bit more adventurous but we are proceeding slowly for the time being. The other thing that the Government intends to do this year and for which provision has been made in the estimates, is that First and Middle Schools in Gibraltar have until now suffered from a lack of computers. Some schools do have computers but these have been purchased through their takings from tuck shops and what have you and the Government has not directly funded computers in First and Middle Schools. We have made, as I say, provision in the estimates this year for a number of computers, there will be a total of 45 computers and this year we shall be purchasing 22 computers for the schools and this represents about £15,000 this year and £15,000 next year. Computers seem to be all the craze now and it is essential that the children at the First School level who are the ones who will be able to take it all in that much quicker and better than the older children and for that reason it is essential that we begin making an input into that area where it will be most beneficial. The establishment of the special units at the schools have been increased this year by two extra classroom aides, one at Notre Dame First School and one at Bishop Fitzgerald Middle School. The St Mary's

First School project is another project that is now well under way. The tender appeared in the Gazette last week and after suffering quite a long delay I am happy to say that the tender is well under way, I think the closing date was the 29th May. After that I would expect that, hopefully, for the autumn term of 1986 St Mary's First School will be a thing of the past and educational "Belsen", as we like to call it on this side, will be a thing of the past and we will have resolved the worst school building situation in Gibraltar and anybody who has been to that school will know what I am talking about. I mention St Mary's because as a result of St Mary's being so important, once that problem is out of the way and the finances are there, we can start looking into the other problem areas in schools which are not as bad but nevertheless they do exist and I am talking about the Middle Schools in the north, St Anne's, and the Middle School in the south, St Joseph's. Those two schools are very restricted in space and with the developing population to the north of Gibraltar and to the south of Gibraltar rather than in the centre of Gibraltar, those two schools are in a very bad state and they urgently need space but once St Mary's is out of the way, as I say, the Department will be able to press for either one or the other to be developed and more classroom space being made available. The other thing which I am happy to report is that the school attendants have now finally been restructured and their banding reflects the school population. That has been a longstanding problem whereby school attendants in the larger schools were being paid exactly the same as school attendants in a very small school and that has now been resolved satisfactorily. Another provision that has been made in this year's estimates is an internal communications system for Bayside, not a substantial amount of money but, as I was made aware when I visited Bayside, the size of the school has grown out of all proportion and whenever anybody telephones the school or any of the office people wish to contact any of the teachers it meant that somebody had to leave the administrative area and actually look for the person that they wanted to find somewhere in the school and this was totally not on and we have made provision this year for that.

HON R MOR:

Mr Speaker, if the Hon Member will give way. Surely, there is a Tannoy system in the Comprehensive School where you can actually call for whoever it is?

HON G MASCARENHAS:

Yes, Mr Speaker, the Hon Member is quite right, there is a Tannoy system but the Tannoy system is rather restricted and the complaints from teachers and justly so and I imagine from children as well is that the Tannoy system is noisy and if you are calling Mr so and so over the Tannoy system you will have five or six classrooms at the same time hearing who is being called to the phone or who is being called and it is not on. In the United Kingdom every school is built

with an internal communications system in each classroom, virtually, and in each room in the school and that was necessary we felt. The other good news that I wish to report is that this year the BAS course that has been attended by, I think, about a score of our teachers, will come to an end this year. This has been done in conjunction with Hull City University and the course has been run actually in Gibraltar and rather than send our people to the United Kingdom to obtain their degree, the lecturers have been coming to Gibraltar periodically over the holiday period which the teachers, I am happy to say, have very unselfishly given up in order to be able to study for their degree and that is coming to an end this year. Of course, the element of cost is quite substantial, it would have been impossible for the Government to have sent twenty teachers, even periodically, to the United Kingdom to obtain this degree and the way we have done it has been quite successful and judging from this and our experience from having done it this way there is a possibility, and this is only a possibility, that we shall be able to run a computer course in Gibraltar. At present we have only two qualified teachers in the computer area and there is a possibility that we might have a recognisable diploma being done in Gibraltar rather than those teachers having to go to the United Kingdom to obtain their degree and that we are studying on the basis of the experience of the BAS course. The nursery attendants which has been a sore point for a very long time and perhaps the Hon Leader of the Opposition who has been involved in that from the Trade Union side over a period of many years, that has now been satisfactorily solved and not only that but apart from the one outstanding one which has a long history, we have already employed an extra one so in real terms as far as the Government is concerned, two jobs have been created although one was already there although under dispute. Mr Speaker, I now wish to turn to the question of scholarships. The Opposition spokesman for education said last week that it was the declared policy of the GSLP if they are ever in Government that anyone who obtains two 'A' levels and obtains a place in a university should be given a scholarship. Whilst I do not disagree fully with that, it is quite commendable, there are a few moral issues that should be borne in mind and apart from the moral issues the question is should we afford and can we afford it? I shall come to the moral issues later, but the financial issue. The GSLP policy would ask the people of Gibraltar, the taxpayer, to fund £0.75m for our young people and under present circumstances that would be impossible. There are, and I am in possession of the figures, the Hon Member is not in possession of the figures, quite substantial failure rates even among those who obtained the twelve points, a failure rate not only that they fail the courses that they undertake and out of the mandatory scholarships that are given every year, those who obtain the twelve points, we are talking about an average of about twenty to twenty-five a year, in 1984 it has been thirty, there are two or three every year who are unable to even go past their first year academically. Then we have the second sector who are unable

to get through because they cannot adapt to life in the United Kingdom, their daddies and mummies are not there and it is very difficult for some young people to adapt to life in the United Kingdom. That is a reality and we are talking about the twelve points or more who are supposed to be the ones with more grey matter, the ones who aspire to higher education. If we were to expand the system to include all those who obtain two 'A' levels and who obtain a place in university then I would say that that failure rate would be increased tremendously, at least doubled if not slightly more and that would be a drain on our resources and off the cuff I would say an extra £25,000 to £30,000 would be lost to the Gibraltar Government. That is a fact, whichever way you look at it. I think the Opposition are playing with young people's sensitivities when they make rash statements of that sort.

HON J BOSSANO:

Can the Hon Member give way? Is he aware that I have been defending that policy since 1973 in this House of Assembly or does he think that we have invented it in the last week?

HON G MASCARENHAS:

Mr Speaker, no, I was not aware that he has been defending it since 1973 but the Hon Member has not been on this side of the House and therefore he is unaware of the details that I am aware of and I would honestly like to see one day, perhaps if you are sitting on this side of the House, whether you would implement the policy of allowing everyone with two 'A' levels to go to university at the taxpayers expense. That remains to be seen, if ever. Mr Speaker, I should point out to the Hon Mr Mor that the article in question was an interview that I was asked for by the reporter from the Chronicle and it was not a press release, I think he mentioned that it was a press release, it was an interview and I should point out that something very dangerous could occur if the GSLP policy were to be implemented and that is the question of patronage. If a young man or a young woman were to obtain a place in a university in the United Kingdom that is very good, bully for him and well done. There is a danger, of course, that university places are getting very tight, as the Chronicle rightly says, as a result of Tory cuts. I think quite frankly that somebody who is well connected, knowing full well that anyone who obtains two 'A' levels will go to university if they obtained a place, somebody well connected will obtain a place at university whereas somebody who is not well connected, who are the vast majority of people will be unable to obtain a university place. We are aware in the Department that places in university in the UK are getting tighter and tighter, people are being asked for higher and higher grades. Only this week I became aware of a situation where a person who had obtained three 'A' levels, who had the twelve points and who had two B's and one C, which is pretty high, was unable to obtain a place. That is the situation in UK today and Gibraltarian students are becoming aware of that very slowly because over the last year it has been getting very difficult to obtain a place.

If the GSLP were ever to be in Government, and that would be at the earliest in 1988, if Mrs Thatcher is still in power I think that standards will be so difficult to attain that quite frankly the GSLP policy will be totally unworkable. Perhaps my choice of the word rash was wrong but I do think that the Opposition, generally, are playing on young people's sensitivities and giving them false hopes for something which is not possible. I think the intentions of the Government are quite evident in that we are expending a considerable amount of money in the College of Further Education which will go for that sector of young people who, in our judgement, will not be able to succeed in UK in higher education and who should be given a chance to pursue another avenue and that avenue is further education and not higher education. I think the people of Gibraltar will benefit in the long run whereas if the GSLP policy were to be implemented what you would have is, perhaps, if out of seventy students sent sixty succeeded and became qualified perhaps the economic plan that the Hon Leader of the Opposition holds, perhaps he could accommodate those sixty because as it is there are a lot of Gibraltarians who become qualified and who return to Gibraltar to find no work and then we come to the moral issue. Should you ask the young person to train for something that is a requirement in Gibraltar or should you not? Should the young person be the victim of a small community which has limited room for professional people? I don't know, that is a moral question and something that has to be looked at. Of course, without forgetting that besides the mandatory system there is also a non-mandatory system which is a selective system but which at the end of the day is exactly the same, the only thing is that the young people do not go for a degree course and again, the Government policy is supplying an avenue to pursue for the young people which now is a three-tier system whereas before it was a two-tier system; higher education for a degree, higher education for non-degree and now the College of Further Education. If the Government can be accused of anything it is certainly not in its investment in the education of the people of Gibraltar. We believe and our philosophy is that there should be equal opportunity for all and that means should not be an obstacle. We have always believed that and there we have the proof in that we have a system of education which I am proud to have inherited as Minister for Education and, quite frankly, there are very few improvements that can be made to it of a capital nature and the policies of successive AACR Governments which have led today to the profession that we have, qualified profession in the majority, and a very dedicated profession who I should mention do not earn any overtime and yet I see them every day after 4.15, they are all at the Teachers' Centre doing some course or other and they are not paid for that, I know they are not paid. The Hon Mr Mor questioned whether education is free. Well, it is rather arguable whether free education extends to the moment that the pupil sits for exams or whether he leaves before, when is he a pupil and when is he not? My contention is that once a pupil sits for exams, the moment he sits for exams, he has left school, that is my contention. I remember in my days in the Grammar School we were told that the few days

preceding an 'O' level exam you did not go to school and from that moment I considered myself to be out of school and I attended the examinations on the particular day without any obligation to remain before or after in the school, so that is a question of interpretation. On the question of the City and Guilds of the College of Further Education, of having to pay fees, I am not sure. I did look up my statement and there is no reference to it absolutely so I promise to look into that for you and give you a reply. On the question of the residual income, I think the Hon Member has got that quite twisted. I have a lot of parents who come to see me when they have a problem and funnily enough not many people are aware as to how the system works. The residual income on which parental contributions are made is based after all deductions are made.

HON R MOR:

Will the Hon Member give way? The deductions that are made are those which are applicable for income tax purposes but the point I raised was that the actual income tax that the person pays is not taken into account.

HON G MASCARENHAS:

Yes, Mr Speaker, I take that point and if the Hon Member recalls, one of the students on television two weeks ago brought up the point and I said it was a sore point with them and it is a sore point with the Government. We can go no further than what the income tax authority that we receive from a parent tells us. If the Income Tax Department accepts an assessment from a parent of £3,000 per annum the Department of Education has no other facilities or resources at hand to be able to counter that, it is absolutely impossible, and that is a sore point with the Government. There are a lot of parents who are earning much more than that and who should be making a much higher contribution towards their children's higher education and yet they get away with it but on the basis of the authority that a parent gives the Department to be able to look at the tax. The only thing that could be done and this is something that we have looked at is of course having a team of inspectors in the Department of Education to delve deeper into the individuals but that, of course, might be more expensive at the end of the day. Having said that, there are quite a few parents who rather than have the Department check their income will opt for the minimum payment which is £410. Mr Speaker, there is another section within the Education Department which I would like to single out and that is the Youth Service which comes under the Education Department. This year the Youth Service is very heavily engaged in the International Youth Year and Government has already pledged support for that. Notwithstanding that, the Government also supports the Youth Service as a worthy and very hard working sector of our community which deserves the support that we can give them. What they give to Government in return can only be measured through the community in their charitable acts and sporting activities

and what have you but I am sure that all Members will agree with me that the Youth Club system is working admirably in serving the community. Mr Speaker, I shall turn to the other of my Departments, Sport, and I would like to answer the Hon Mari Montegriffo on the question of the swimming pool which she referred to in her contribution this morning. The swimming pool construction is very much in our minds and it remains a Government aim of policy. Any request that GASA might make for material assistance towards the pool will be considered sympathetically. Indeed, I met members of the GASA Committee some time ago and they brought some proposals which might present a solution finally to the swimming pool and I am hoping that these will be forthcoming shortly in a formal way. We had an informal meeting and as a result they said that they would be approaching me formally in a few weeks time. This has not happened to date so there is very little that I can tell you at this stage. On sport, generally, the Government will continue to subsidise sport in Gibraltar to the tune of £0.25m nearly. It is Government's intention to extend facilities to the schools where this can be possible, extending the community use of schools for sport and the gymnasium at Westside and Bayside and, of course, Hargraves Court and the John Mackintosh Hall in order to be able to afford more facilities to those indoor sports and, obviously, if we are able to do that then the facilities available to sportsmen will be considerably enhanced and we shall not suffer the lack of facilities which at the present moment we suffer. I am pleased to report that after many years of being in the shadows the Gibraltar Football Association is once again on the threshold of getting back to the good old days. Football, unfortunately, through the closed frontier were in a very bad wicket to use a metaphor, and slowly but gradually they are becoming more adept, they are learning with each game that they play against foreign opposition and one hopes that this will augur well for the Football Association and for all those who love football. Hockey continues to be our excellent sport and once again Gibraltar champions have managed to qualify for the finals of the European Cup which is a great achievement. We take it for granted here in Gibraltar but the fact that we can beat the champions of Portugal and we can draw with the champions of Wales is quite an achievement and that should not be taken for granted. At the beginning of my term as Minister for Sport the one thing that was my intention to bring back as soon as possible was boxing and I am happy to report that boxing is now back at the Victoria Stadium, they have held one successful bout in November and they will be holding another one in May and that has returned to Gibraltar much to the pleasure of boxing fans of which there are many here in Gibraltar. The other thing which I set my task was the question of five-a-side football. It had never been played in Gibraltar through lack of facilities and we have made a tremendous effort in being able to accommodate five-a-side football under the auspices of the GFA and my intention is that more facilities should be made so that more people can participate. Five-a-side football differs tremendously from eleven-a-side football in that older age groups can participate in

what is a smaller court and the skills are more evident and if we make more facilities available to the GFA I am sure they will take them up. Mr Speaker, I will now very briefly speak about the Post Office which is another of my responsibilities. The Post Office continues to improve particularly in sales since February the 5th. We cannot judge what level of sales will be attained for 1985/86. The first two months of the border opening has represented a substantial increase in sales and this has resulted in the Post Office being opened more during the lunch hour which hitherto was closed and on Saturday mornings. That was an aim of policy that I set myself last February when I was appointed Minister for Postal Services, that Saturday opening should be an aim of policy for the Government and having studied the matter we decided that perhaps it would be a good idea to leave it until the frontier opened and, as it is, we waited for four weeks and then the decision was made that the Post Office should open on Saturday mornings to accommodate the large numbers of visitors who come here on Saturdays. Apart from that we did become aware of the large numbers of visitors during the lunch hour Monday to Friday and we have also opened the Post Office during those hours. Last year I made the announcement that extra PO boxes would be constructed inside the Post Office to be able to supply a service to the expanding business sector, to the finance sector, and I am happy to report that the PO boxes are nearly finished and they should be available within the next few weeks. The service, generally, of the Post Office, as I said earlier, continues to improve and it continues to improve through a variety of things. Industrial relations which the postmen have over the past year have become much better than hitherto and, of course, the question of air communications has had a very direct reference to the service that the Post Office can provide, the more air services that we have the quicker the delivery and the better the service, obviously. The Spanish service as well has improved considerably and letters to and from Spain will not take the three or four weeks that they used to take but they should be down to six or seven days. The aim of the Post Office is to serve the public and this, I am sure, we are succeeding in. The Philatelic Bureau within the Post Office has suffered a bad year. It has suffered a bad year through no fault of ours and the Hon Financial and Development Secretary without realising it touched upon the point that the strength of the United States dollar has crippled our sales in the American continent and this is reflected in the estimates for this year, that sales have not been maintained in this sector and the recent improvement in the pound sterling against the dollar will augur well for improved sales in the Philatelic Bureau, these are sales which are quite substantial and it is our intention that they should be maintained. And as a result of that, last year we became aware of the drop in sales in European countries as well and the Crown Agents were asked for their opinion and, quite frankly, we were not satisfied and the Post Office does not now rely on the Crown Agents as overseas agents in many countries. We do retain them for mainly the Commonwealth countries but in Scandinavia, Canada, Austria, Italy and Switzerland we are now relying on agents actually in

those countries who will have a better interest to sell our stamps. Finally, Mr Speaker, I should report that the Philatelic Bureau will be marketing the sale of Gibraltar stamps for the first time in Spain this year. There can be no doubt, from a commercial point of view, that Gibraltar stamps in Spain will be sold quite substantially and we shall try the International Show that will be held in Madrid in October and if there is response to Gibraltar stamps then it will become a permanent feature.

HON DR R G VALARINO:

Mr Speaker, first of all, I would like to answer three points brought up by the Hon Mr Mor in his contribution. He dealt with family allowances, EPP and supplementary benefits for a certain type of woman. Let us deal first of all with the elderly persons pension. At the time of repealing the legislation on both retirement pensions and EPP it was stated that the right of entitled persons would be preserved by bringing them into a special category under the supplementary benefits scheme. That is precisely what has been done and for the sake of clarity and in order to demonstrate Government's pledge in honouring this commitment this is shown this year namely, under Supplementary Benefits Scheme, Subhead 15, Elderly Persons Pensions, so that this is really a continuation of Government's commitment to these people so as to pay them EPP and makes it easier for Members of the Opposition to realise the amount and the commitment.

HON J BOSSANO:

If the Hon Member will give way. Is he going to give a detailed explanation of how eligibility to EPP is going to be established now that there is no law determining it because we are voting money in the House and surely we must know how the recipients are going to be selected to receive that money. We know that in the case of supplementary benefits it is a means test so that is straightforward, so is he going to tell us who are going to get the money we are voting before we vote it?

HON DR R G VALARINO:

Yes, Mr Speaker, I shall deal with it at Committee Stage. The question of the supplementary benefits scheme for women who are co-habiting is under review as a result of representations made by the Hon Mr Mor to the Minister for Economic Development. However, one point which should be borne in mind is that we have to be careful not to place women living in these circumstances in a better financial position than legally married women. The Hon Member dealt with family allowances and he dealt with two aspects of family allowances; (1) he dealt with family allowances as far as Spaniards are concerned and (2) with Gibraltarians residing in the Campo Area and the legislation which has been introduced previous to this House of Assembly. Let me say

that as far as Gibraltarians living in the Campo Area are concerned once Spain joins the EEC, EEC legislation will take precedence over local legislation therefore they will automatically receive the family allowance benefits. As far as Spaniards are concerned, there are various problems, basically, that we do not know the number of Spaniards employed, we do not know the size of their families and though we have a commitment so as to pay family allowances, the Social Chapter has just been concluded and is not available so we do not know whether there are any transitional provisions, eg when Greece acceded there was a transitional period of three years during which families living in Greece and having their menfolk or their womenfolk working in an EEC country were only entitled to family allowances at Greek rates, so we do not know about that area and as soon as I am informed of the decision taken I will inform the Hon Member. Let me say that in most countries in Europe family allowances are greater than those in Gibraltar except in Spain where family allowances are less than in Gibraltar. It is the policy and it always has been the policy of Government to try to ensure full employment for Gibraltarians taking into account the right of all other European Community nationals to freedom of movement as regards employment under Article 48 of the Treaty of Rome. Let me add to this a rider. The figures of unemployment in Gibraltar include a high percentage of adults who for a variety of reasons it is extremely difficult to place in employment. As far as non-EEC nationals are concerned their employment is governed by the Control of Employment Ordinance. Employment permits can only be issued by the Director if the requirements of the Ordinance are met. These include that the employment is within a quota system as decided by the Manpower Planning Committee that adequate efforts have been made to fill the vacancy by a resident of Gibraltar and that there is a written contract of employment and that the worker has approved accommodation. Labour from local sources has always been insufficient to meet the needs of Gibraltar hence the demand to have workers from abroad. However, the operation of the quota system of employment permits ensures that employment is kept at the lowest possible level. Let us deal with the number of people unemployed and the number of people that we have managed to employ. The average number of persons registered as unemployed during 1981 was 326 compared with 172 in 1980 and 147 in 1979 and, in fact, if one goes back to the statement made by the Hon Financial Secretary when he made his contribution, he said that there was a maximum of about 600 in September, 1984. Unemployment figures at 31st October, 1984, showed 267 adult Gibraltarians unemployed and 132 juveniles bringing the number of Gibraltarians unemployed to 399. Let us deal first of all with youth unemployment figures and let me go over the numbers. In January, 1984, the numbers were 131 unemployed and this grows to a peak of 163 unemployed. I am glad to say that the latest unemployment figure for juveniles as at the 23rd April, 1985, was 34; 14 males and 20 females. This number was being cut down gradually before the opening of the border and, in fact, it has been cut down substantially since the opening of the border. As far as adults unemployed are concerned, we have 194 Gibraltarians

unemployed so we have breached the 200 mark and this is extremely good news considering the large pool of people who are virtually unemployable. I am glad to say that the Department has done everything in its power to get as many Gibraltarians as possible in employment during the past month. In fact, not only has it done everything in its power but I have figures here as to how many people have been employed during the month of February and March. These are statistics and have not got to do with insurance cards. There have been 500 people employed during February and March and this does not take into account the large number of employers who do not come through the Labour Exchange to recruit labour so that if we take the number of 500 people in February and March I think we could easily add another 200 people to that figure so that during the last two months we have had an increase in employment of about 700 people. When I spoke here last time and these are figures and you can see them any time if you come to the Labour Department.....

HON J BOSSANO:

If the Hon Member will give way. I know that he says that these are statistics as if he has suddenly mentioned some sort of magic word which was supposed to make us all immediately believe what he was saying.

HON CHIEF MINISTER:

I do not think you heard his aside, he said they are not from the Social Insurance cards, he said that after.

HON J BOSSANO:

When he mentioned the figures and he opened his file he emphasised the fact that these were statistics.

HON CHIEF MINISTER:

They were not statistics.

HON J BOSSANO:

He said they were and I think Hansard will show that and, in fact, I think what he was trying to tell us was that these are facts and figures which prove the point that he is trying to make. First of all, he has been quoted in the past as saying that 1,000 new jobs were going to be created and is he telling us now that 700 of those 1,000 have materialised and there is only 300 left for his prediction to be fulfilled, that is one point I would like an answer on. And the other one is, is he saying that this is 700 more than existed, say, at the end of December, is that what he is telling us, that there have been 700 new jobs since the beginning of January added to the total jobs market?

HON DR R G VALARINO:

Mr Speaker, both answers are yes and I am sure the Hon Member will be mighty pleased considering he wears his other hat as a trade unionist. But it shows that there is scope for employment in Gibraltar. It shows that at the beginning of a very crucial period in the economic situation of Gibraltar and as the Chief Minister said, two months after the opening of the frontier and three months after the closing of Her Majesty's Dockyard, this is the result therefore I am sure that that figure of 1,000 which I said we would be able to recruit in a year will be so, in fact, what I am afraid of is that the figure will be more than 1,000 because I am at this very moment in time running out of local labour.

HON J BOSSANO:

Mr Speaker, are the 500 in the commercial dockyard that have been employed since the beginning of January part of the 700 or are those 500 in addition to the 700? That is my question.

HON DR R G VALARINO:

No, Mr Speaker, much to his chagrin they are not part of the 700.

HON J BOSSANO:

Mr Speaker, I am trying to establish the facts, that is all.

HON DR R G VALARINO:

I think you are trying to confuse the facts. There is employment. Last week I had a meeting with several people, people who are interested in labour in Gibraltar, and a certain person approached me because he needs people to work in Gibraltar next year and he mentioned the figure of 450. I certainly do not know where I am going to get 450, this will be a matter of much consideration but the only thing I can say is that the more people we employ the more revenue to Government as PAYE and the better the prospects of Gibraltar and the building industry in Gibraltar has as yet not picked up and certain sites which were offered by Her Majesty's Government have as yet not been developed so when that happens the number of people who will be required will be extremely high and I would welcome any help from the Opposition as to where we can get these sort of numbers. The wealth of the country is in the private sector and therefore, to some extent, one must be able to have an efficient public sector to do its work, not to have people for the sake of employing people and to be able to direct people of high intelligence to the private sector so that the private sector can develop along decent lines and this can only be to the benefit of Gibraltar as a whole. I think I have dealt enough with

employment, I am pleased to say that the picture on employment is a rosy one, whatever other Members may think, and I hope sincerely to be able to be here for the next budget and produce even better figures.

HON J L BALDACHINO:

If the Hon Member will give way. When he was saying that we should look at the public sector and we should look at the private sector was he saying that we should reduce our public sector to complement the private sector?

HON DR R G VALARINO:

No, I certainly did not mean that. What I meant was that in years to come the growth must be in the private sector and not in the public sector because the public sector is paid by the taxpayers' money whereas in the private sector this is where the money is. The last point I would like to make which is an extremely important point and I think that this is a point for the future. Considering the opening of the border we are now looking at the areas where we have no Gibraltarians at present to take over, we have to recruit labour whether it is Moroccans or Spanish or Filipinos or whatever it is and I feel that we have to really look at these sections and decide that these are the areas in which we are going to train our youngsters to be able to take over from in two or three year's time. This is the way we should encourage young people to go forward in these sectors. Catering is one of them and I think this is the way that we can then in three years time produce X number of Gibraltarians, employ them and be able to say: "We have Gibraltarians for these posts, we no longer need to have permits for workers for these jobs". I think that is extremely important because that will not only reduce unemployment among the youth but it will also be of benefit to Gibraltar because it will produce employment for the Gibraltarians. Charity begins at home. That is extremely important and we are looking into that so that we do not have to depend on labour from abroad and I think that if we were able to do that with the increase in people coming to Gibraltar, looking for jobs in Gibraltar, I think that all augurs well for the future and I am certainly looking forward to our next budget when I hope I shall be able to produce an even better state of affairs than I have done today. Thank you, Sir.

The House recessed at 5.15 pm.

The House resumed at 5.40 pm.

HON J B PEREZ:

Mr Speaker, I would like to limit my contribution on the Appropriation Bill to deal with the Departments for which I am responsible, namely, the Electricity Department, the Telephone Department, the City Fire Brigade and the Prison. I would like to deal primarily with the latter two, the City Fire Brigade and the Prison, merely to say that both Depart-

ments have worked extremely well in the last year, their performance can be gauged by the service that they provide to the public. In particular I would like to single out the excellent work of the City Fire Brigade in bringing under control the fire that we experienced in Line Wall Road and I sincerely hope that the Department will continue to work as satisfactorily in the coming year as they have done in the last year. On the Electricity Department I would just like to dwell on two points which have really impressed me by the preponderance of the effect on the overall cost of this municipal service. I shall deal in the first place, Mr Speaker, on the cost of oils as they affect the expenditure in fuels and lubricants for the Department as a whole and, in fact, on their effect on the cost of each unit of electricity we produce. This year we are budgetting for a total generation between both Stations, Waterport and King's Bastion, of 63,550,000 units which provide for a total sales to consumers of 55,400,000. The balance is accounted for by the Stations' own consumption and system losses. I would like to remind the House that during this last winter daily generation figures and demands were an all-time high. Record heights were established for generation in any one day and of course system maximum demand which came close to 18,000Kw. The House will see from the estimates that provision for the Other Charges amounts to £5,109,100 of which £3,372,000 are directly related to the cost of oils and is therefore 66% of our total expenditure in this Department. This, in effect, means that out of the amount paid by consumers for each unit taken, 6.09p goes directly towards the cost of oils, independently of all the other costs associated with supply such as salaries, wages, materials and spares. In the period between the last and this budget the price of fuel increased by about 24%. The House, I am sure, will appreciate that as a relatively small territory we are not able to influence world trends and we are therefore at the mercy of international forces. Having said this, I would point out that I am convinced that for a small territory we have no alternative to the type of prime movers that we have in service, namely, diesel engines. This is endorsed by a report recently produced on behalf of the World Bank by a firm of American Consultants from which I quote: "The diesel engine is probably the most efficient prime mover for producing electricity from petroleum fuels in systems of up to about 100MW, with unit sizes that allow for a reliable operation without excessive plant reserve. The superior efficiency of this prime mover has assumed more importance since the fuel crisis in 1973/74 and the sharp increases in fuel prices since that date. More attention is being placed on the use of the cheaper residual fuel in diesel engines". I am currently confident that with the recent improvement in the pound and dollar exchange rates, the price of fuel has started to drop and will continue to do so as we move into summer when demands generally fall. Already, Mr Speaker, there has been a substantial reduction in the FCA for next month and the indications are that there will be a further reduction in June, if perhaps to a lesser extent. Nevertheless, we must not forget that cheap fuels are a thing of the past and it would be foolish to expect this. Our

dependence on petroleum fuels for the generation of electricity will continue to carry this burden to a greater or lesser extent. The Employment Survey Report for October, 1984, which the Government Statistician has recently produced, once again records the fact that people employed in the Electricity Supply Industry in Gibraltar, in both the monthly and weekly paid categories, are amongst the highest paid people in employment in Gibraltar. Clearly, the figures given in this Report are average figures and it stands to reason that whilst there must inevitably be some on income below these figures, there are others on regular incomes which are well in excess of them. To a certain extent this has an explanation in that the service itself is demanding by its very nature and particularly that it has to be supplied continuously and that the plant itself has to be kept continuously serviceable to meet the demands of consumers at all times. In addition, though, as I have said before, diesel engines are the most efficient prime movers on petroleum fuels and best suited for service in small supply utilities such as ours, they are nevertheless more demanding of labour for maintenance and naturally these costs are higher than would be the case with other types of plant. As usual, Mr Speaker, one rarely gets something for nothing. To meet these circumstances there are thus elements of pay which are directly attributable to overtime work on repairs and maintenance and also allowances together with overtime which are associated with the need to man the Stations round the clock by working shifts. To this extent high incomes within the service are inevitable and would be acceptable. What is perhaps less tolerable is that by the essential nature of the service itself, the people involved are in a somewhat privileged position to force the issue in furtherance of their demands. As a result, industrial relations within the Department do continue to leave much room for improvement. Notwithstanding the lengthy discussions that took place in the Steering Committee before Waterport Power Station was taken over, there are still areas of work where there is a disagreement between the Official and Staff Sides on working practices, where the attitudes are not conducive to efficient working with a consequent possible lowering of operating costs by a more efficient use of resources. Perhaps it would be Utopian to think that these longstanding problems could be completely overcome, but the fact remains that motivation towards achieving even higher incomes - and I think this was a point raised by my Hon Colleague this morning, Major Dellipiani - it has to be coupled with increase in productivity, in other words, higher income without the increases in output really bring about restrictive practices, job demarcations and at times blacking actions which complicate the proper planning of work that has to be carried out and at times even negates the execution of such works. Such disagreements, Mr Speaker, are still the subject of discussion in the relevant forums but the hope of satisfactory solutions are still not tangible. Concurrent with these discussions, forward planning for the development of the Undertaking continues and the Government has recently gone out to tender for the first extension to Waterport Power Station where a third diesel engine is to be installed under an aid scheme from the ODA. The closing

dates for the tenders is set for the 8th May and while it is not considered that this new set will be in service within the present financial year, once a contract has been placed it is expected that the engine will be in service for the winter of 1986/87 and that work on installation at site will start before the end of this present financial year. Ideally, Mr Speaker, we would have wished to have had the set by next winter but the lengthy tendering procedure has not allowed for this to be so. To cope with the increase in the generating capacity at Waterport Power Station the capacity of the cabling has to be increased as well and rather than increasing the interconnection between the Stations, provision is being made under the Improvement and Development Fund to transfer system loads directly to the Waterport Station which initiates the longer term plan to ultimately transfer all loads from King's Bastion to Waterport. Equally, parts of the system network are still operated at the original voltage of 6,600 volts and provision is also being made to proceed with the uprating to 11,000 volts in some of the areas where this is required. With the close down of the old plant in the South Station at King's Bastion, there are no blackstart facilities at that Station and an automatic system of engine lubrication with timers is being introduced to restore blackstart facilities coupled with automatic charging of air bottles so that there is sufficient compressed air at all times to allow existing sets to be run up. I think Hon Members will recall that this was the problem experienced during the Christmas period in which due to the lack of blackstart facilities the unfortunate power cuts that we had took longer than it really should have done. Finally, improvements to the public lighting system will continue. This will include the replacement of the older tungsten filament lamp fittings in a number of side streets generally in the central town area and the replacement of concrete lamp posts which are in a bad condition by hot dipped galvanised steel columns, for example, along Catalan Bay Road which will be a continuation of the earlier scheme along Devil's Tower Road. And, finally, Mr Speaker, it is intended to provide new lighting along Cemetery Road where none exists at present. Mr Speaker, as far as the telephone service is concerned, again this Department has had quite a busy year in 1984/85 and amongst the major events for the Department was the re-arrangement made on the installation of special services equipment to the External Plant Section, the normalisation of telephone service with Spain and the negotiations with Cable and Wireless for a fairer distribution of shares from international calls. The External Plant Installation Section was responsible for the connection of 447 new telephones during the year. They performed 681 new works and completed 832 wirings during the course of the year. Other miscellaneous works such as the connection of 47 telex machines, internal alterations and other miscellaneous matters were also carried out. The waiting list for telephones at the end of the year stood at 160 showing a marked improvement from previous years. The Cable Section performed many improvements to the network with the laying and installation of new cables, distribution boxes and cabinets. The main cable from the Telephone Exchange to the Casino area was also laid and connected through in

order to allow for expansion and the planned redistribution of the Humphreys Estate. The Section was also involved in the cabling of the Dockyard and in the re-organisation of the distribution arrangements at Witham's. The Special Services Section concentrated efforts on the connection of new computerised digital private branch exchanges for the major businesses including the installation of a 240 line private automatic exchange at the Dockyard for Gibraltar Shiprepair serving the whole yard. Other sophisticated equipment such as key digital exchanges, electronic PBX's, prestel sets, digital payphones, answering and recording machines were also connected. On the Main Exchange the main crossbar exchange was involved in the provision of subscriber transfer facilities, the re-grading of international circuits on the UK cable route and the expansion of semi-automatic circuits to and from Spain. Arrangements are being made for the provision of direct dialling facilities to Spain due for introduction towards the end of this year. Improvements were also effected on the Moroccan circuits. On the International Switchboard, the operators switchboard facilities were expanded to accommodate an extra 18 circuits to and from Spain including an additional 3 manual circuits to Madrid. Traffic to Spain in the first few weeks after the normalisation date increased by 40% and provision was made to increase the manning level accordingly. Officials from the Telephone Department visited Madrid in January of this year where meetings were held with the Spanish Telephone Company, Telefonica. They discussed the expansion of semi-automatic and manual circuits to and from Spain and the provision of direct dialling facilities to Spain. Mr Speaker, progress was in fact made on both fronts and the circuits to Spain were expanded in time for the normalisation date of 5th February. Arrangements were also finalised, as I have already mentioned, for the introduction of direct dialling to and from Spain for December, 1985.

HON J C PEREZ:

Will the Hon Member give way? Since the Hon Member has said that there has been an increase of traffic on the telephones of 40%, is it envisaged that direct dialling will increase traffic further and how would this affect expenditure?

HON J B PEREZ:

The first question is really in connection with is it envisaged that with direct dialling the service will be increased, yes, there is no doubt in my own mind that with direct dialling the tendency is going to be for people to call much more frequently than one does now. I find, from my own personal experience, that if I have to call somebody in Spain and if it is not entirely essential, by the time it takes to get your call through you say: "Well, I might as well not bother". The only thing is it is very difficult to estimate exactly what the percentage increase is really going to be. On the question of cost, similarly I don't envisage that there is going to be an increase in expenditure

from the Department's point of view because the main problem, as I have already said in this House, Mr Speaker, all that is holding up the introduction of direct dialling to Spain is that the La Linea Exchange has to be modified, in other words, they have to purchase a specialised type of equipment for their Exchange which takes time to be produced so the waiting time is no way due to us, we are absolutely ready for direct dialling and this is why we say that there is no reason why this should not be introduced by December of this year. The Department, Mr Speaker, however, and I regret to report this to the House, did not make much progress on the negotiations with Cable and Wireless on the question of a fairer distribution of shares regarding international direct dialling and manual operated connected calls. Government's attitude towards Cable and Wireless has therefore hardened in an effort to resolve this unsatisfactory state of affairs. The negotiations with Cable and Wireless, in fact, commenced - I initiated the negotiations - in December, last year, and will continue until Government can achieve its aim of getting a more equitable distribution of our share of international calls both outgoing and incoming into Gibraltar. Perhaps I ought to pause there for a while, Mr Speaker, and deviate slightly from my copious notes and perhaps explain to the House what the position really is with Cable and Wireless. They have been working under a franchise for many, many years in Gibraltar, in fact, the last franchise was given to them for a period of fifteen years. It now will, in fact, lapse by the end of 1987. During that period there have been agreements made, more or less on a three-year basis, for what percentage the Telephone Department receives of international calls and it recently came to light that the percentages that we were receiving are totally what I would describe as peanuts, we are really getting nothing. Cable and Wireless have been getting for X number of years most of the revenues. The position is that the last agreement which was of a three-year duration ended in January of this year, this is why I initiated the negotiations with Cable and Wireless in December, 1984, and what we are asking is for a much fairer distribution. I don't think it would be right for me to go into the percentages but perhaps I ought to inform the House and I think I owe it to the House to tell them this. My estimation is that Cable and Wireless are getting a revenue of over £1m per annum and we are getting, and this is in the Estimates, we are getting £260,000. That percentage is totally unacceptable, we cannot continue to accept that situation and in the meetings, as I think the Chief Minister has highlighted in his speech, it is a position that we can say to them: "Your franchise is ending in three years time. You are seeking for a re-negotiation of your franchise, well, show us your goodwill and now and then we will look at your franchise". I am sorry and I regret to say that the way Cable and Wireless are playing the negotiations, they are leaving the Government very little choice but to say: "We don't want you here anymore". This is a fact of life and I can tell the House that when the negotiations started and the local branch of Cable and Wireless realised how hard or, I would use the word how

militant the Government was being on this particular matter, we were visited by a top man from Cable and Wireless in England, he came to Gibraltar, met the Chief Minister, met myself and I have to say I was given the impression that he was really going to say that they were really going to come back with a fairer distribution of what we were asking for. I am sorry to report that only two weeks ago I got a reply to my initial letter and the offer by Cable and Wireless was extremely disappointing, to put it like that, in fact, I can say that if we were offered an extra £20,000 they thought that we were getting a good deal. Well, the position is that we are not prepared to carry on the situation as it stands now and I would sound another word of warning to Cable and Wireless not just on the question of the franchise, Mr Speaker, because as far as outgoing calls are concerned, we are the ones who collect and we are the ones who have to pay to Cable and Wireless and, really, it may well be that we may have to declare ourselves in dispute with Cable and Wireless and withhold those monies. We cannot continue to receive the share we are receiving. It does show that sometimes the Government does work behind the scenes and puts pressure when pressure needs to be brought to bear. The other point is that we are in a very weak position as far as considering possible increases in telephone charges. For example, a call to UK now is 70p per minute. We receive a percentage of that. If the Government were to consider increasing the rates per minute, I am not saying that we are but let us say, as a Government, we are entitled to consider, let us say, that instead of 70p we are going to charge 75p. Well, what is the point of us doing that if the whole of the money goes to Cable and Wireless and that is the situation, again which is totally untenable. Anyway, I look forward to receiving support from Members opposite on any action that the Government may have to take in connection with getting a much better distribution of the share on international trunk calls. Furthermore, Mr Speaker, I can say and I think my Hon Colleague, my Shadow, the Hon Mr J C Perez, has asked me a number of times if we have finished considering the Telephone Service Fund and in most of my answers I have had to say: "We cannot tell you just yet because what I am trying to do is to increase our share of those international calls". But I can quite confidently say, yes, the Department has in fact carried out a very detailed financial analysis of the profitability of providing international telecommunication services, in fact, I go even further and say that consultants, British Telecom, who are Government consultants, they have produced a report on the whole question of international traffic. One thing that is absolutely clear, Mr Speaker, and that is that as far as local calls are concerned there is no way in which the Government can make any, I don't like using the word 'profit' when one speaks of a Government service, but there is no way in which we can make local calls pay for itself unless we increase the rental charge to an amount which we really don't want to do but where the profits are clearly on the international traffic and therefore, as I say, it is something that we are looking at in this particular area more critically than we ever have done before. Mr Speaker, apart from that

which we are planning to bring to a conclusion very shortly this year, the Department's plan for the following year include the start of an ambitious five-year programme to improve and renovate the old distribution network. The areas of immediate concern include, apart from the Humphreys Estate which we are re-doing, Police Barracks, Library Street, Sandpits and KGV. There are also plans to expand the capacity of the network and the renewal and repair of existing plant. Work on the expansion of the public coinbox network with new coinbox installations at Casemates, Cathedral of St Mary the Crowned, Waterport and Marina Bay is also to be carried out. The Department will also, during this year, be providing new sophisticated PABX equipment with many facilities for the business community, including the leasing of private circuits to Spain and beyond. It is expected, Mr Speaker, that the year will bring down the fault rate noticeably thus providing subscribers with improved telephone services. All in all, Mr Speaker, to wind up I am, apart from the labour and industrial problems that I have experienced in the past year in the Electricity Department, if one were to isolate that, I can quite confidently tell the House that I am quite satisfied with the manner in which these four Departments are being run. I would, again, highlight and urge trade union officials when it comes to the question of the Electricity Undertaking, to really not just put forward the men's claim and then say: "Well, perhaps they don't really make all that sense in their claim but nevertheless I have to put forward the claim and I have to take it to its logical conclusion". I would urge trade union officials to look at the claim quite critically and say: "Well, at the end of the day perhaps my members are not 100% right". I think union officials have found that I have honestly tried during the year to get management not to take a particular line which doesn't leave any room for coming to a solution. My policy towards management is: "Try and understand the union side and see if some solutions can be found", and I sincerely hope that this particular financial year, Mr Speaker, industrial relations at the Electricity Stations, at both Stations, will in fact improve because if they do it can only be for the better of Gibraltar as a whole.

HON J E PILCHER:

Mr Speaker, yesterday I spoke generally on the finances of the Government so I will try to keep my contribution short. I will only make a slight point on what I consider to be an omission in the estimates of the Gibraltar Government and, obviously, speak about the Department which I shadow which is Tourism and a few points on matters of GSLP policy which Members opposite have highlighted and which I would like to explain from the point of view, as I say, of GSLP policy. The omission that I am referring to is an omission which I would have expected to find in Head 8 of expenditure which is House of Assembly. I am referring to the fact that when we initially came to the House as the official Opposition, we mentioned the fact that we were looking for the Government to make an approach to the Gibraltar Broadcasting Corporation

for the broadcasting of the proceedings of the House. This we were told would be the case and when I mentioned it, I am not sure whether it was in February or March of this year, I was told that the thing was nearly finalised and obviously the expenditure of what that would cost should have been shown in the expenditure for this year if it was the Government's intention to actually proceed with the broadcasting of the proceedings of the House this year. As I don't see it anywhere in the expenditure I will give way if the Hon Member wishes.

MR SPEAKER:

I think, perhaps, I am the person who might enlighten the Hon Member on this particular matter. The broadcasting by radio of the proceedings of the House has now progressed to the extent that GBC has been to the House, they have inspected the facilities, they know now what they require and they are actually costing the works that have to be carried out. I imagine the Public Works Department will carry out the works and there is no reason why broadcasting, provided the small items which have to be ironed out as to which part of the proceedings are going to be broadcast and for how long, there is no reason why broadcasting of the House should be delayed beyond, I imagine, after the summer recess.

HON CHIEF MINISTER:

I would like to add something to that. Because there was no proper estimate there was no point in putting it in and if, in fact, it is agreed and there is general consensus on the way in which it is going to be done we shall come with supplementaries but the matter has been out of my hands for some time, it has been in the hands of the Speaker because the arrangements within the House are really much more a matter for him and the Clerk than for the Government, this is a matter for the House. We can have a meeting to discuss the points that the Speaker has mentioned but certainly there has been no attempt on our part to omit this.

HON J E PILCHER:

I am, in fact, very glad to hear that, Mr Speaker, as it has been a point of principle of our party that because of the timings of the House of Assembly it is virtually impossible for a lot of people who would like to be at the House to attend the House so we would be taking the House to them at their places of work, at their houses, etc. I am glad to hear that and I look forward to vote on a supplementary expenditure if it ever comes to that. On tourism as such, there is very little that I would like to say on the expenditure of tourism that I didn't mention yesterday. There are greater expenditure on areas like maintenance of sites, a re-vote on painting of buildings and removal of eyesores. The advertising and field sales I was going to

question, in fact, but the Hon Minister for Tourism did mention that they intend to diversify between the UK market and, perhaps I think he said the Spanish market, perhaps he will give us an indication of what percentages in the Committee Stage of the Bill. But one thing that does come to mind is the fact that when we look at the estimates for 1985/86 we come up with £932,000 as opposed to the approved estimates for last year which was £708,000. Although I understand that the revised estimates for last year was £981,000 because of the impetus given by the Government, nevertheless it is an increase of £223,000 on what has been the approved estimates of the Government on tourism over the past years. It seems to me strange although, again, I accept that the Minister said yesterday that they were being slightly conservative on the actual estimates, that the Government has spent £233,000 more to actually recoup £208,000 on tourism. This is a situation which, as I say, because the Minister said yesterday that they were being conservative, we hope to see this next year but if not it seems to me a slightly strange and haphazard situation to actually spend £233,000 more to raise £208,000 but this is just a point that I made yesterday which I would like to rethink now on the part of the Appropriation Bill.

HON H J ZAMMITT:

If the Hon Member will give way. He will find that in the total sum that he has mentioned of £932,000, there is in fact very close on £100,000, in fact, I think it is £91,500 of re-votes on such things as staff training, visit by conference specialists, the Gibraltar Holidaymaker, painting of buildings and removal of eyesores £50,000; sandblasting £20,000; Heritage Conference £3,000; Internal Public Relations Campaign. So you have about £90,000 there of re-votes which, of course, were included in last year's estimates.

HON J E PILCHER:

I accept that, Mr Speaker, but nevertheless, for example, when we are talking of the painting of buildings and removal of eyesores, this although it is a re-vote from last year, will nevertheless have to be included possibly next year because of the on-going impetus on tourism so that will not actually lower the level of expenditure from year to year. Before I go on to the comments made by the Hon Mr Zammit on tourism, I would just like to mention a couple of things from the contribution by the Hon and Gallant Major Dellipiani when he was speaking on land and I would like to commend him for his contribution, certainly from this side of the House a lot was said that actually we have been saying in the House for very long and I am glad to actually hear that coming from the side of the Government benches. He did make a long contribution on the actual land and the transfer of MOD land to the Gibraltar Government and I won't go into that but one thing that did occur to me and I must mention to the Government even if it is just as a point that they should take notice of, is the fact that because of the

cutbacks in MOD expenditure that are occurring and the cutbacks that the MOD is making on manpower, let us not find ourselves in a situation where some of the MOD land and some of the surplus MOD fortifications are actually being passed to the Gibraltar Government so we actually foot the bill for maintaining them and painting them whereas they will have no significant increase in revenue for the Government. I think this is a point that the Government has to watch and I take it that the Hon Mr Canepa did say that the Government were in a position now to actually check all these sites before accepting them but I just wanted to point that out to them. The Hon and Gallant Major Dellipiani also mentioned the Heritage Conference. I would like to just give him a piece of information with regard to what the Opposition party feel on heritage. I was asked by Mr Allen of the Save Britain's Heritage what I thought about heritage and although I said that I agree with heritage in that it is nice to be able to keep buildings in good conditions, I told him that as far as the GSLP is concerned our greatest heritage are the people of Gibraltar and until such time as we can have a good social programme for Gibraltar as regards housing and as regards education and as regards health, that will be the priority of the GSLP Government and not heritage. Another thing that Major Dellipiani mentioned was the training of local people for the GSL. I think I must agree with him because the GSLP have always advocated long-term policies and I think it would be lunacy to employ 300 or 400 or 500 people today just because we need to increase employment and find that in a year's time we have 200 or 300 Gibraltarians out of work so I think I must agree with Major Dellipiani and certainly with the Government if what they are thinking of is a long-term policy in actually training our youth for Gibraltar Shiprepair Limited. I would like now to come to the contribution of the Hon Mr Zammit on tourism. He did mention the Director of Tourism and I would like to restate our position as was explained at the time that a new Director of Tourism was going to be brought to Gibraltar. We questioned the necessity of a Director of Tourism and if there was a necessity for a Director of Tourism we certainly questioned the fact that we had to bring in an expatriate as Director of Tourism. Nevertheless at that stage we were still in an arena which was that we were still looking to what the Hon and Learned Chief Minister explained was to get Gibraltar to flourish as a tourist resort. At that stage although we didn't agree with it, it seemed to a point to make some sense that if we were still looking at making Gibraltar a tourist resort with a closed frontier we should bring somebody from UK who understood the UK market and would at least be able to tap that to bring tourists to Gibraltar. We are no longer in that game, Mr Speaker, we are now looking at a situation where Gibraltar is not so much a tourist resort as it is a tourist destination. It is a place where tourists come to as excursionists and not as an actual tourist where he is going to stay a couple of days or a week or two weeks and I think the Hon Mr Zammit did say that although the hotel occupancy has gone up it was just a spin-off of the actual fact that the frontier was open, that excursionists were coming through and that people were coming to the

Gibraltar airport but it was not as a result of this new impetus given by the Gibraltar Government to tourism and that this had not produced, as we heard from the 1984 figures, any real increase in tourism. In fact, we come to one problem already mentioned by the Hon Minister for Tourism, which is the difficulty that is being found today by tour operators in actually getting beds for their tour operation because the hotels today are using their facilities for what they call walk-in clients rather than for tour operators. This is a very dangerous situation and it is a situation which the Government will have to look at because if not we can actually find that not only is Gibraltar put in danger as a tourist resort but Gibraltar's airport is put in danger because obviously if we are not able to bring the tourists then we now have three scheduled operators and we might find there is a drop in the use of the airport and then we will find that there might be a drop of one schedule operator and we all know that certain noises have been made by the schedule operators when the additional schedule operator got their licence. The Hon Mr Zammit also mentioned the fact that £2m had been spent by excursionists last year when the frontier was partially open. I think I have said this before in the House and I think this is more of a guesstimate than an estimate. Where exactly does it show that £2m were actually spent by excursionists when the frontier was closed and if it is shown there seems to be no indication either in last year's estimates or in this year's estimates that this was actually filtering into Government coffers and I think this is the grave question that Members on this side of the House have to ask the Gibraltar Government. The Minister said that there was no longer a cash flow problem in the private sector, that the private sector were now in a state of buoyancy.

HON R J ZAMMITT:

If the Hon Member will give way. I have allowed him to get away with a few things I have not said but this is one that I must take on. I have not said that businesses are in a state of buoyancy, I said that the excursionists produce a very important cash flow situation. I am not for one moment suggesting nor do I think anybody with any sense would think that businesses that have had fifteen years or more of severe constraints are going to have their problems solved within three months of the opening of the frontier. All I have said and I hope my words are measured, is that the injection provided by the excursionists produces a better cash flow situation which everybody benefits from.

HON J E PILCHER:

I accept that the Hon Member did not say buoyancy. I assumed that when he said that there was a new cash flow situation that he was actually saying that certain companies were now buoyant but the point is still the same, the point is that what worries us is not that there is actually a great cash flow into the private sector, what worries us or should worry

us in this House is how that cash flow actually filters into Government coffers because that is the only thing that is going to determine whether we can have a situation as explained by the Hon Mr Featherstone where we can actually give out goodies or we cannot give out goodies. It has to be seen whether or not that cash flow will actually filter into Government coffers.

HON H J ZAMMITT:

I am sorry but if the Hon Member will give way. I am sorry about this but I think the Hon Member must understand the situation. The Statistics Office produce statistics every year and when they say that the tourist industry has produced revenue of £30.4m to the economy it doesn't mean that Government has made £30m, I wish it had. Government may make £1.5m or £2m but it is broken up and this is the important thing that I thought the Hon Member might not have understood, it is broken up by excursionists, by yachtsmen, by cruise liners, by hotel occupancy and that is where you get the £30.4m or £30.7m. The Statistics Office do a very good exercise at the end of the year and that is how they got to know that the Spaniards crossing the frontier when we had the partial opening, were contributing £2m which I very much questioned, let me say, I very much questioned it at the time, I think Members will remember that but they have come up with that and it is not for me to question what formula they use, they are experts in their own field and that is the figure they have come up with.

HON J E PILCHER:

What I am questioning, Mr Speaker, is not the figures although I did say when I mentioned the £2m that as far as we are concerned it was a guesstimate because it was very difficult to actually pinpoint the expenditure at that stage. It is not difficult to pinpoint overall expenditure but certainly it is difficult to break down expenditure if you are talking of £11m, to say: "Well, £2m came through the frontier and £1.7m...", that is what I was saying but the general principle that I am on about is that when the Minister talked about cash flow, that there is now obviously a cash flow because there are excursionists coming, is exactly the same point I was making yesterday. What worries us in this House, or at least what worries the Opposition, is that the so-called tourist boom and although I heard yesterday that we are the only ones calling it a tourist boom, but the so-called coming into Gibraltar of X number of excursionists does produce for the people of Gibraltar part of that revenue. This is the point that I was making, that because there is a tourist industry, because there are excursionists in the streets, because they are spending money, we might find at the end of the day that that money doesn't filter into the actual coffers of the Gibraltar Government. One other point made by the Minister was the advertising. We are not questioning the expenditure of £300,000 on advertising but I think he said at one stage that it might be that the GSLP were opposing

expenditure of this sort. I would like to tell the Minister that at no stage will we actually oppose the expenditure of £300,000 or whatever the Government think it is fit to spend on advertising, this is purely a decision by the Government and what we certainly would like to see is some kind of change in the pattern of expenditure over the advertising. The Minister also mentioned up-market tourism. This is something that the Minister has mentioned on various occasions. I am a newcomer to the world of tourism, this was pushed on me by the Members of my party but, surely, whether we have up-market tourism or middle of the road tourism or spade and bucket brigade or whatever virtually depends on the hotels that we have available. Surely, if we are talking of up-market tourism and we have hotels which are equipped for the family sort of atmosphere then, obviously, we cannot re-gear Gibraltar into being an up-market tourist resort unless we change the hotels or build new ones. Perhaps at one stage I would like some explanation from the Minister what exactly he means when he is talking of up-market type tourists and how he intends to produce this up-market type of tourism when most of our hotels are geared to the sort of middle of the road tourist except in one situation which is, as we all know, one of the hotels in Gibraltar. The new impetus that the Gibraltar Government is giving tourism is something that Members on this side have still to see because when the Government announced that they were giving a new impetus to tourism about a year ago they nominated people for certain Committees. As far as we are concerned on this side of the House and as far as I am concerned, I have still not seen any recommendations by any Committee and I have still not seen anything at all that has emanated from those Committees and I heard on three occasions the Minister telling me that the Report from the Committees are almost ready and that they are going to be discussed and that we will at one stage or another learn from this side of the House what it is that the Committees have recommended once it has been processed on the Government side. I know there are various Committees and I know that you have a situation by which you have to filter that but I hope that this doesn't take too long or else we might miss the boat completely on tourism if it actually takes that long to prepare a Report. One final point on what the Hon Mr Zammit said as regards the training of young men as waiters and the type of jobs to meet the on-coming situation of tourism. I think that has to be linked in a way to what the Hon Mr Mascarenhas was saying on the courses for further education, I hope at this stage that the Hon Mr Mascarenhas and the Hon Dr Valarino can actually hold back the actual people who will want people to be employed in the tourist side until we can actually channel our training programme to meet these new fields. As you know we have been saying for the past two years on this side of the House that the Government should have a comprehensive policy to actually have available the people that we need on the trades that we need. The frontier opened about three months ago, the College of Further Education will not get off the ground till about September so I hope we can control the situation until we actually get a programme off the ground

so that we do not find ourselves actually training people for waiters, croupiers or whatever and then find that after we have trained them all the jobs that were available have already gone to people who are actually trained.

HON G MASCARENHAS:

If the Hon Member will give way. We have recently resuscitated the Youth and Welfare Council which has been dead for quite a few years, we have done that recently and that is a combination between the Labour Department and the Education Department and members of the staff from both sides will sit together in order to monitor and gauge what our needs will be.

HON J E PILCHER:

I would just like to make a couple of small points, Mr Speaker. One is in answer to the contribution by the Hon Mr Featherstone. I think I cannot allow him to have the last word because he has actually twisted the words of both my Hon Colleagues Mr Baldachino and Miss Montegriffo. On the sale of Government housing what my Hon Colleague was actually saying was that because the Government have embarked on a road to actually sell new houses the sum that they will face in maintenance will be negligible because new houses obviously don't need a lot of maintenance whereas the sum that they will lose on rents is very great because it is the new houses that are paying most rent. That is the point that the Hon Mr Baldachino was making and it was not just a question of asking the Government whether they would have less rent, of course they would have less rent but they would have much more less rent than they would have in expenditure on maintenance, that is the point. The other point on the health service was that, of course we on this side of the House are not saying there is going to be somebody coming in on an ambulance to get an operation in St Bernard's Hospital. What we were saying was that it is difficult to gauge at what stage a person falls ill and that we still predict that there will be a burden put on the health service once Spain joins the EEC and not because they will come here, perhaps, after having been diagnosed operations in Spain but because it is easy to walk across the frontier with a sore throat, with minor illnesses and pop into the Health Centre or into the Hospital for treatment. That is what we were saying and it is not that they were going to come in with an appendix in an ambulance. Whether or not if somebody goes to the Health Centre with an E111 form and a sore throat or something which he says he has just got whether you can actually turn them away, that is another matter. But one thing that did certainly strike me and I think on a more humorous note, is the fact that the Minister for Housing said that what the people of Gibraltar should have was hope for the future. I attended the Heritage Conference where people who attended the Conference were saying that what they should do is open a society which they would call a charity in order to help some of our monuments in Gibraltar. Immediately the Member

opposite spoke about hope, charity did stick in my mind and then I thought of what the Hon Financial and Development Secretary had said about faith. We come up with a situation when we can describe the Government at this moment as a 'faith, hope and charity' Government. On the question of the GSLP policy on scholarships, I would like to inform the Hon Mr Mascarenhas that he might think that our policy is not the right policy for the AACR but that certainly if he says that it is a rash policy he is very mistaken because this is a policy that the GSLP have thought out in depth and although I realise and I agree with him that it is a question of what resources the Government wants to put on the situation, whether or not you actually want to spend £400,000 more or £400,000 less on education, that I accept, but the moral arguments he gave for not doing it are completely and utterly unacceptable on this side of the House and I will give him one example. The example on patronage, if I am not mistaken and perhaps the Hon Mr Canepa or Mr Featherstone can either agree with me or tell me that I am mistaken, although I wasn't in the House about two or three years ago. I remember I think it was the Hon Mr Featherstone saying on the question of patronage that the problem was that there was spare capacity in universities and that people with the big names in Gibraltar could actually ring through to the university and get their children in the university without them having the proper qualifications.

HON G MASCARENHAS:

If the Hon Member will give way. But they wouldn't get a Government scholarship.

HON J E PILCHER:

No, I am talking of the argument; this was the argument used about two years ago. You are now using a completely new argument about the same theme. You were saying that if the child had the proper qualifications he might get a place in a university because his parents rang through and using their big name managed to get him in. It is the same argument on patronage but it is two completely different arguments, one is the misuse of the system by which they didn't have the qualifications but did get a place and you are saying they do have the qualifications but they can actually get a place over and above somebody else.

HON G MASCARENHAS:

No, Mr Speaker, if the Hon Member will give way.

HON J E PILCHER:

I won't give way because that is what the Member said. It is another situation of the Government using different arguments to actually give an excuse for not doing something and all the other moral reasons given by the Minister do

not hold any water whatsoever. He was talking about the failure rate because some of the children in UK cannot adapt without their mummies and daddies and that they fail in their first year. That should be a criticism of education as a whole because there are a number of children who do not make it through higher education but that is a fact of life. The fact of life here is that you are saying that it is a minority with the grey matter and I am saying to you that that is not the case. It is the minority that you choose who have the grey matter because you might have a situation and, in fact, it is a proven situation since we are talking of £400,000, it must mean a hell of a lot of children who are actually staying without going to UK even though they have the grey matter. So it is the Government who are actually making that a minority.

HON CHIEF MINISTER:

A very light grey.

HON J E PILCHER:

Or light grey, it doesn't really matter, I am just quoting the Member with his grey matter, in fact, he kept on saying grey matter. To actually make matters worse the majority who are not the ones with grey matter are pushed on to the College of Further Education and are made to pay the fees for the examinations. How much priority does Government give further education the basis of what will be the future of Gibraltar? There is only one other point because we have a well thought out policy although I agree there is a question of whether you want to put the resources or you don't want to put the resources but as far as accommodating people it is not our intention to actually play with the youth, it is a policy of the Gibraltar Socialist Labour Party and I think that the Member will be around when we actually do implement this policy.

HON G MASCARENHAS:

I hope so.

HON J E PILCHER:

Yes, he will be, much sooner than he thinks. It is not a question of actually sending people to cater for the jobs that you have in the economy, it is a decision to actually allow the person to further his education in the way he wants to further his education. If he wants to get a degree in chemistry although in Gibraltar there might not be scope for chemistry then the person in the first instance would be told: "You will get a grant for further education but obviously you will understand that when you come back to Gibraltar, if you come back to Gibraltar, there are no jobs for you". We will actually tell them in the first instance the jobs that the economy will cater for in the future and

then it will be his decision whether he wants to or does not want to go for that but we will not deprive people from further education, we think this is a basic, social and human need.

HON G MASCARENHAS:

That is being done now.

HON J E PILCHER:

It is being done now but it is not being done as far as necessary because of the pointage system. We would do it across the board even if it cost £400,000 more, that is what we are saying.

HON G MASCARENHAS:

But if you haven't got that kind of money you cannot do it.

HON J E PILCHER:

Well, it is a question of where you put your resources and where your priorities lie and as far as the GSLP is concerned it is not toying with the youth because education is one of our top priorities.

HON G MASCARENHAS:

So is ours.

HON J E PILCHER:

I think that is about all except to inform the Hon Brian Perez, who is not here, that this is the first time that we have got an inkling of the situation behind the telephone service and the problems that are being encountered by the telephone service as regards Cable and Wireless. You have no doubt seen our reaction on this side and I would just like to finish on a sort of union note, that there is no doubt that we will go out in support of the Government.

MR SPEAKER:

Are there any other contributors?

HON J BOSSANO:

Mr Speaker, the Government has now dealt, I take it, with their defence of this year's expenditure estimates having given very little reason or any indication of any kind of strategy in the context of the Finance Bill. In fact, there isn't a coherent theme running through the contributions of different Members of the Government, what we have had

are individual contributions related specifically to the operations of individual Departments which are identical in their approach, that is to say, not necessarily in their content, Members opposite might have been saying slightly different things about their Departments this year than they have been in the past but certainly not because there is a commercial dockyard and certainly not because there is an open frontier and certainly not because there is any kind of new direction reflected on the expenditure side any more than there is one reflected on the finance side. From the budget and from the estimates of expenditure there would be no way of deducing that the situation faced by Gibraltar in 1985/86 is any different from the situation faced by Gibraltar in 1984/85. I think I would like to deal with some of the specific points and to show, in a way, how individual reactions from individual Members opposite run contrary to each other and how even though they are clearly speaking with a strength of feeling sometimes that indicates that they believe what they are saying, and I have no reason to suppose anything different, in fact, I think that is true, the fact that they believe it does not mean that they know it, Mr Speaker. I would like to say that I think the statement made by the Hon Minister for Public Works, Major Dellipiani, about Government workers taking industrial action at the drop of a hat, I cannot imagine anything less consistent with reality than a statement like that. There have been instances in the last twelve months of Government workers taking industrial action but not because the workers have been acting at the drop of a hat but because the Government has been acting at the drop of a hat, that is, that the Government has failed to carry through the proper process of consultation and this has provoked a reaction from its workforce. Where the Government has carried through the proper process of consultation there has not been industrial action at the drop of a hat and I can give the Government specific examples and ask them to tell me - perhaps the Chief Minister would like to tell me when he replies - whether he considers that people are being unreasonable, whether he considers that the way the Government is running its affairs in this particular area, that is, in its relations with its own employees and its own workforce, is likely to conduce to anything other than exasperation and frustration and industrial action. When you have got a situation, Mr Speaker, where somebody is appointed a Container Officer in October, 1982, when he gets sent a letter on the 27th March, 1985, telling him that the letter that he got of appointment in 1982 was a mistake and that the salary he was offered in 1982 on the basis of which he accepted employment in good faith was mistaken by £1,000, when the union made representations on behalf of that officer and the union gets told by the Government's representatives that if the Government has made a mistake in 1982 and they discovered it in 1985 their obligation now is to go back and recover and the mistake just as if they had made an under-payment, when on Monday of this week the colleagues of that Container Officer threatened to black two liners in support of their colleague and within three hours of that decision a second letter is

produced saying: "Please ignore the letter of the 27th March and go back to the one of October, 1982, because the one of October, 1982, was correct and the one of March was wrong". I would ask, is that industrial action at the drop of a hat because it might appear very drastic that people should suddenly do something that has an effect on tourism or has an effect on our economy but it was preceded by many, many hours.....

HON MAJOR F J DELLIPIANI:

If the Hon Member will give way. I realise that Government makes mistakes in industrial relations but I wasn't referring specifically to containers, to stores, I was referring to the lifeline of Gibraltar. Whether it is at the drop of a hat, whether it takes three months to do it, it is the ultimate weapon that the trade union has against Gibraltar and it is not a question that we are looking after the old people or the young people, when you take that action of cutting off the lifeline to Gibraltar to me it is like the atomic bomb, it is the ultimate thing, and to do that whether it is at the drop of a hat or whether it takes two months it is a weapon, like I said, it is the capitalist system. You are now controlling the means of production, it is in your hands and that should be used to the benefit of the whole community not because you want to further other industrial actions where the Government is probably wrong. I don't object to trade unions taking industrial action because sometimes we are wrong, we are wrong on many occasions.

HON J BOSSANO:

Mr Speaker, I cannot answer whatever is in the Hon Member's mind, I can only answer what he says and I am quoting the words that he said. He was referring to Government workers taking industrial action at the drop of a hat and I am telling him that I don't think that is a justified criticism of Government workers because to my knowledge, and I could quote many examples, I have just quoted the one that happened this week, to my knowledge Government workers are not taking industrial action at the drop of a hat. When there is industrial action and when there has been precipitate industrial action it has tended to be precipitate by something being initiated by the Government and I realise that at a political level Members opposite may not know about it.

HON CHIEF MINISTER:

I heard about it this afternoon but I am not disclaiming any ultimate responsibility.

HON J BOSSANO:

I imagine that if the Hon Member had been told that there had been a meeting at 9 o'clock on Monday morning where people were threatening to take industrial action on Tuesday, 24

hours later, which was going to affect the liners, without the full possession of the facts one might say that that was unjustified and that that was affecting an important area which was the lifeline of the community because we are trying to expand tourism and it will give Gibraltar a bad reputation. Workers anywhere have got the right to withdraw their labour totally or partially in pursuance of their claims in a democratic society. One may feel that they are justified or they are not justified, Mr Speaker, but I have been directly and intimately involved with working people now for a very long time and I can tell you, Mr Speaker, and I can tell the House that as a general rule there is a clear and direct connection between how justified a particular course of action appears to be and whether one stands to gain or not from it. From my knowledge most people, including other working people, disapprove of industrial action where they are being hit as consumers and approve of industrial action where they stand to gain as beneficiaries and that seems to be a fairly universal rule and people argue vehemently either for or against depending on whether they are on the receiving end or on the paying end and that is a fact of life that we all have to live with. Whoever is sitting on that side and whoever is sitting on this side must understand that human beings function like that here and elsewhere but I think that there is within the machinery of Government something that I have honestly told them before on some occasions at budget times and other times when we have had other problems here. I remember when we had two years ago a situation at the budget involving the people in the Cleansing Department who have been praised so highly by the Minister today and it was found out that people had been told on a Wednesday that because of the budgetary situation they were going to be taken off overtime on Maundy Thursday and come back on Tuesday and, of course, when the full facts came out I think the Ministers concerned had second thoughts about how unreasonable people had been. I certainly think that there is a very easily documented history behind every dispute where there is a sequence of events and meetings and frustrations and a build-up. We have got a situation today, Mr Speaker, in the Medical Department, where people in the Laboratory are taking industrial action over something that was raised in October last year where the industrial action has come about not because they have been given a no but because they haven't been given an answer. The system has got to be looked at by the Government because it seems that when we had the last dispute, Mr Speaker, it was decided in order to try and avoid future disputes, if possible, that there should be regular weekly meetings between the Staff Side and the IRO to review all outstanding claims. Well, I can tell the House what happens every Friday that the list gets longer, that is what is happening every Friday, the list of outstanding claims gets longer and the list goes back not just to 1984/85, it goes back to 1982/83 and I think we are at the moment on something like item 52 in the list.

HON CHIEF MINISTER:

But some of them are very small items.

HON J BOSSANO:

Yes, but I think it is a useful exercise because some of those things are so old that all that was still pending has been forgotten. I certainly think it would be worth Government's while to devote some attention to the way things are processed in order to try and get a quicker response mechanism. If people get an answer they don't like and they feel that they have got the right to pursue their aspirations by taking industrial action that is a different matter and that may be something on which one can agree or disagree but it is there and it is people's right in a democracy but that people should actually get into a situation of disrupting their work and creating problems simply to try and get an answer, that I think is indefensible and ought to be avoidable. I would like to pass away from that, Mr Speaker, to the question of the kind of alternative that the Minister asked us to produce and I think it has been touched on by my colleague and I am certainly not going to give any detailed explanation of how we would handle it except that it has to do with an approach which is something that the Government either doesn't understand or doesn't want to understand because it is easier from their point of view to roll out the cliché that we have got a secret plan which we are not prepared to reveal because there isn't a secret plan and therefore that sounds nice and gimmicky and it is a nice way for them to hit back at us but it isn't that we have got a ready-made programme where if there is an election and we are in office tomorrow we push a button and everything starts functioning, it has to do with an approach to how you manage an economy which is not reflected in the estimates of expenditure, which is not reflected in the Finance Bill today before the House or in the contributions of Members because that is not the way they approach it. We have seen part of that in some of the responses from the Government side as regards future employment. My Hon Colleague, Mr Pilcher, was referring to it just now when he was talking about the relationship between jobs and who are going to fill those jobs. If the Government is embarking on a programme of economic expansion, then our view would be that there ought to be some thought given to the demands that that expansion is going to create and what resources are going to be required and where those resources are going to come from. The idea that we can run the economy of Gibraltar simply on the basis that if we need 1,000 workers we will bring in 1,000 workers and then when we don't need them we ship them out again. Certainly, that is not going to happen when those workers come from across the frontier, they will still be part of the local labour market even when they become unemployed.

HON CHIEF MINISTER:

If the Hon Member will give way. We haven't said anything of the kind, we have said the opposite.

HON J BOSSANO:

I know that but if the Hon and Learned Member subscribes to the view of his Minister for Labour that there are going to be 1,000 new jobs created and that the bulk of the people that we have got unemployed are the unemployable, then the 1,000 extra jobs, presumably, are going to be filled by importing. He said that on just one project alone he was already scratching his head how to find 450 workers. If we have a situation where there is a bunching of particular projects all at one time, what is different about the new situation from the past situation is that when we brought in 200 Filipinos, Mr Speaker, at the end of the contract they went back to the Phillipines because it was not in their interest having a family and a home in the Phillipines to stay living in a hostel and living on unemployment benefit. Very recently the Government introduced legislation, which I supported, where people made redundant in the Dockyard were given the opportunity of collecting their unemployment benefit because we thought if they cannot find alternative employment it is not in their interest to stay here week after week virtually spending all their unemployment benefit on their accommodation and their food and it is not in our interest to have them here either because they are competing with other people for jobs and so forth, there was a logic to that situation. If the situation has now changed, we cannot simply talk about people coming in from across the border and then going off at the end of it because they will expect to have acquired rights having worked and having paid insurance and then, of course, at the end of whatever project it is, they will be on the labour market competing with the local people and the school leavers. That is an important different situation. The Hon Member was talking about this 700 increase that we have had in two months and I asked him two questions, I asked him whether this was the first tranche, if I may borrow a word used by the Financial Secretary in respect of his loans, the first tranche of jobs out of his 1,000 jobs and he said, yes, so that means there was a balance of 300 jobs still to be produced and I asked him whether the 700 jobs excluded the 500 in GSL and he said, yes. I do not believe he is correct because I have received from him today a paper for the Manpower Planning Committee which shows that the number of permits in issue on the 31st December, 1984, was 2,584 and the number of permits in issue on the 31st March, 1985, was 2,593 which is eleven more permits. I know that in March alone they issued 32 new permits so therefore how can it be that in three months there is an increase of 11 permits and in one month along there was an issue of 32? Well, very simple, Mr Speaker, because they might have issued 32 in one month and cancelled 30 and if the Hon Member is simply going to take as an increase in the number of people employed in Gibraltar every time somebody gets employed then if somebody gets laid off and employed twelve times in one year that means that we have got twelve more people working and then we will certainly have an astronomical number by the end of the year because that seems to be how he is working it. He has given me one figure saying

32 new permits were issued in March, he has given me another figure - I am using his statistics produced by his Department sent by him to me - and that shows me that there is an increase in the overall numbers of permits in issue of eleven and therefore there are eleven more non-EEC nationals working in March than there were in December. If there are only eleven more non-EEC nationals and if there are 700 more people employed it must follow that the other 690 must be EEC nationals and I don't know of any area outside the 500 in GSL where there are 500 EEC nationals and I think I would know about it, Mr Speaker, I would want to know, all these are potential clients of mine that he is talking about, they each pay 70p, where are they?

HON CHIEF MINISTER:

More money for London.

HON J BOSSANO:

Yes. So I think he has got his figures wrong. Quite apart from anything else I would have thought that the Hon Financial and Development Secretary would be as keen to be after them to revise his income tax figures as I am to revise my membership figures. Perhaps the two of us can get hold of the Hon Doctor afterwards and see if he can help us track these potential people down. Coming back, Mr Speaker, to the other points that were being made, I think the point made by the Hon Mr Featherstone in relation to the housing situation where he said that it was wrong for my colleague to say to him that the Government has got no policy, the Government has got a policy, their policy is to build as many houses as possible in the shortest time if money is available. Well, that is not really a policy on housing. What the Hon Member is saying is that if he has got money to spare then he will use it in building as many houses as possible. A policy on housing is what he had a report prepared for him on by the economist engaged by ODA who told him: "You have got so many houses and if you don't want to finish up with less houses every year you need to replace so many houses every year". We asked him questions about it before, that is, that you have a programme that says, if I have got 5,000 Government houses and 3,000 of them are pre-war, there is a process of age as a result of which certain houses are no longer worth repairing because they get to the stage where the cost of repairing them becomes prohibitive. The phrase used in UK, in fact, to declare the house unfit is that it is no longer repairable at reasonable cost. That is something that can be quantified and identified and therefore if you have got a policy on housing you have to decide, first of all, have I now achieved all the houses that I need and if I do, do I have a replacement programme for those houses? Just like any other entity, whether it is a private business or anything else, has got to have a policy to replace assets that are depreciating. This is why we have made the point in the context of the Funded Services, all they have got to say is we don't need to make any reference in the accounts

because the desalination plant is in fact free. Well, yes, but if you want to sit down and decide how much water is costing you, then you ought to know how much the cost of the using up of the plant which will eventually wear out is a part of the cost of producing water. Whether you choose to finance that cost or charge that cost or not charge that cost, that is a political decision but in order to take the political decision you have to approach that political decision with the best possible picture based on the best possible assessment and the full possession of the facts. And just like the Government which was a point made by my colleague Mr Perez, the Government has in fact made an adjustment to the accounts which as the Financial and Development Secretary rightly said doesn't alter the financial position of the Government, whether the £2m added to the housing account was there or not, would not alter the position of the finances of the Government but in looking at the cost of producing public housing in Gibraltar it is better to know what that cost is if you have got to take policy decisions and I remember asking the Government some years ago, obviously it hasn't made any difference otherwise the Hon Member wouldn't have given the answer that he has given, to say the Government has got a policy because we want to build as many houses as we can, because I asked him what is the policy of the Government? Is the policy of the Government to provide a house for everybody in Gibraltar?

HON M K FEATHERSTONE:

No.

HON J BOSSANO:

No, well, if we are already in a situation where we are providing houses for 67% of the population what is the percentage that we think we ought to provide? That would be the kind of question I would ask myself, the GSLP would ask itself in formulating a housing policy.

HON J C PEREZ:

You are giving too much away.

HON J BOSSANO:

Well, I have told them all that before, I don't think I am giving anything away because they will all nod their heads and then they will all vote against us and then they will all do what they have always done every year, so we haven't got to worry really.

MR SPEAKER:

Are you intending to speak for much longer?

HON J BOSSANO:

I have got a few more points I need to cover. I know Members need to go away so I am prepared to stop at this point and carry on tomorrow.

MR. SPEAKER:

We will then continue tomorrow morning at 10.30.

The House recessed at 7.10 pm.

THURSDAY THE 25TH APRIL, 1985

The House resumed at 10.45 am.

HON J BOSSANO:

Mr Speaker, I was dealing yesterday, when we stopped, with the contribution of the Minister for Housing, the Hon Mr Featherstone, and taking up where I left off because I want to make some comments on what he has said about what their hopes are and what they estimate their chances to be of persuading ODA to provide money for housing. The state of housing today, according to Government statistics, according to the Abstract of Statistics produced by the Government, is that for the first time the total housing stock in 1984 is smaller than the total housing stock in 1983, 7,740 as opposed to 7,765. The pre-war Government houses have declined now for two years in succession, it was 1,614 in 1982; 1,564 in 1983; 1,359 in 1984 and it is to be expected that that situation will continue. We are talking about houses that are in a very bad state, houses that have had insufficient maintenance provided and houses where, as I mentioned yesterday, there is this question of a point beyond which it is just not economic to spend money on trying to make them habitable. If the situation is that the supply of houses is declining and that the demands for housing is increasing, what else does the Minister expect to happen other than that the housing position is going to get worse, it is simple arithmetic, Mr Speaker. That situation has been analysed not just by me here now, it has been analysed by other people including the consultants engaged by the Government and a team of Spanish economists in 1981 who did a report financed, I think it was, by the Caja de Ahorros de Jerez, the consultancy was called 'Personas y Sistemas', and there in the 1981 report they came to the conclusion that in fact the housing building costs in Gibraltar were two to three times the equivalent cost in the Campo Area and that on implementation of the Lisbon Agreement then assumed to be taking place on the 25th June, 1982, a large part of those 1,800 on the waiting list would finish up taking up houses in the Campo Area and commuting to work in Gibraltar, that was the conclusion of that report, and I think the Spanish approach to the situation is that, in fact, this is what

is likely to happen and therefore if the Hon Member says as he did yesterday that he is not sure whether the argument that we don't want people to go and live in Spain will cut any ice with ODA, I can tell him it will not cut any ice with ODA, none at all, and I think all that ODA needs to do is to get out the document produced by his Government which contains the submissions of his Government to the Foreign Affairs Committee where the Hon and Learned the Chief Minister was saying in 1981, in the context of the Lisbon Agreement, that his understanding of reciprocity was that it would be absurd to say if a Gibraltarian goes to live in La Linea a Spaniard must come to live in Gibraltar or if a Spaniard comes to work in Gibraltar a Gibraltarian must go to work in La Linea, that reciprocity was providing for each other what we could offer each other and what Gibraltar could offer Spain was jobs and what Spain could offer Gibraltar was housing. So I think that is what the ODA will tell him. "What is your objection? After all, this is what you were saying in 1981, this is what you hoped would be produced by the Lisbon Agreement, this is what is envisaged in the Brussels Agreement, so now you are asking us to give you money to stop the natural logical consequences of the Brussels Agreement which is, in fact, that there should be mutual cooperation in the area to the mutual benefit of both sides where Gibraltarians will be able to go and live cheaper in Spain than they can live in Gibraltar". And, after all, I have asked the Government in the past what was their policy in this respect. Perhaps, it was naive of me, Mr Speaker, to expect them to have a policy on this since they don't have one on anything else, but I have asked them what was their policy and the answer I had from the Hon and Learned Chief Minister was that they didn't have a policy, that they were not either pursuing a policy of encouraging people to go or of discouraging people to go, that it was up to the individual to decide for himself whether he wanted to go and live next door and commute or not.

HON CHIEF MINISTER:

If the Hon Member will give way. I think the Hon Member has really misconstrued what I said. I said that in respect of them visiting Spain at the time when there was discrimination at the frontier and it was doing the Gibraltar economy harm. It has never entered my mind and I am sure that the Hon Leader of the Opposition however much he keeps papers he won't find me saying that it is up to people to live in Spain, whether that happens or not is neither here nor there, it has certainly never been my way of solving the problem, I will have something to say in reply but I did say that very much so in respect of an attempt that was being made in certain quarters that people should be stopped from going to Spain because it was affecting the economy and what I said was that there was indecent frequency of visiting Spain as spending too much money there, nothing to do with housing.

HON J BOSSANO:

Mr Speaker, I will either produce the Hansard or withdraw the statement before today is over.

MR SPEAKER:

I tend to agree with the Hon and Learned Chief Minister, I do recall things that have been said but, of course, Hansard will show.

HON J BOSSANO:

Well, it may be that perhaps I have got a better memory than both of you, Mr Speaker. I remember the question and I remember the answer, I just don't remember the meeting but that I will produce. But, of course, if the Hon and Learned Chief Minister is now prepared to say that their policy is to either encourage or discourage then I am delighted that there will be a policy statement in that respect because the last time I asked there wasn't one and I am sure and I will produce the question and the answer, Mr Speaker. Given that scenario it seems therefore that certainly if the Government wishes to try its luck in attempting to persuade ODA to provide some money for public housing we shall do nothing to discourage them. After all, I suppose there is nothing to be lost by trying but I certainly would be very, very surprised if they had any success given the way it is likely to be seen, from our analysis of the situation, in London on the basis of the background that we have mentioned and the whole process which is supported by both the Spanish and the British Government of the area developing in a way that what is happening in Gibraltar complements what is happening on the other side. Before I leave the contribution made by the Hon Mr Featherstone I think I would like to remind him that my colleague Miss Montegriffo asked about the question of the Gibraltar registration being recognised in UK and consequently in the EEC and he has not answered that point and perhaps he will answer it when we come to the Committee Stage in the context of personal emoluments. It is an important thing, it is a thing that has been pending an extremely long time and it is in an area where, quite frankly, the people employed in that area tend to feel that it is precisely because they put their concern for the welfare of the patient first that they tend to make less impact on Government and achieve less progress on matters that affect them and I am not saying that this necessarily means or implies that the Government cares less about them than they care about any other section of their workforce but that in a context of competing claims, competing for the attention of people who have got to take decisions then, clearly, the people who feel constrained in their ability to put pressure by the fact that any action that they take hurts an innocent third party, that is, the patient and not their employer, means that they tend to fall to the end of the queue and it happens in UK just as much as it happens here. I think in an area like that where what the Government is being asked

to do is something that doesn't mean more money or doesn't mean extra appropriation, we are just talking about an important thing that we need to put right because the Government itself has said that it is the Government's own policy to do it anyway, there is no conflict, the Government has said all along that it supports the idea and that it wants to do it and that it is something that would be extremely embarrassing, I think, for Gibraltar if we had a situation where, for example, nursing qualifications in Spain were automatically recognised in the United Kingdom and nursing qualifications obtained in Gibraltar with a system completely modelled in UK with examination papers marked in UK, still were not being recognised. I have got a number of different notes about different points that have been made by other Members, Mr Speaker. I think on the question of the Post Office Savings Bank and the need for the accounts to be shown separately, what I would like to know from the Government is what is there to prevent them from producing as an appendix at the end an estimate of the projected outcome of the year for the Post Office Savings Bank the same as they do for the Housing Fund, the Electricity Fund, the Water and the Telephones. After all, the Post Office Savings Bank is a Special Fund, the separate accounts are shown in the audited accounts at the end of the year, it is in the nature of a trading unit the same as the others are, perhaps even more so because nobody in the Government would consider that the Savings Bank should actually be producing uncovered deficits and get budgetary contributions, so it is even more of a trading fund than the Water and Electricity, in fact, I suppose the nearest to it is the Telephone Service and I think it doesn't impose a heavy administrative burden on the Government to extract the information and show it separately but we would like to see that because we like to see how income compares with expenditure in as many areas as we can, we think that is a good road to follow. I think the Hon Financial and Development Secretary wanted to know how we felt about the estimates showing in the column that shows the difference between one year and the next, the increase or decrease, that the comparison should be between the revised estimate and the estimate for the following year rather than the approved estimate. We agree entirely that that is a more accurate way of showing it because as far as we are concerned unless the revision is due to exception or one of expenditure the revised estimate is a closer approximation of what we can expect to happen in the following twelve months so we have always felt, in fact, that that is a step in the right direction and we tend to do our calculations already on the basis of the revised estimates. I would like to emphasise the point that was made by my colleague, Mr Perez, on the statement made by the Financial Secretary that the amounts that are going to be written off in 1984/85 are less than the amounts that we voted for in supplementary estimate No.3 of 1984/85 in the last House of Assembly. We think that if that was known by the time we came to the House, Mr Speaker, then what the Government should have done should have been to have produced a new page 5 which has been done before when an alteration has had to be made at the last minute because particularly when

we were talking about the Finance Bill I would have thought it was very pertinent in the context of the debate on the need for revenue raising measures or the absence of revenue raising measures, to have the most accurate estimate possible of the balance in the Consolidated Fund at the 31st March, 1985, and of the out-turn for the year that has just ended 1984/85, and therefore we would like to have that figure given to us by the Hon Financial and Development Secretary so that we know exactly what is the most up-to-date position that the Government has got of the reserves at the end of the year and of the deficits for the last year. And while I am on that point I have to say that I am completely confused by what exactly is the situation in the Funded Services, Mr Speaker, as regards electricity because in the estimate to which I am referring, supplementary estimate No.3 of 1984/85, the House was asked to vote a sum of £512,900. We were told that this was due to four elements - increase in the cost of fuel which was offset by income from the FCA; decrease in consumption; the final payment for Hawker Siddeley and the writing off of bad debts. Well, now we know that the writing off of bad debts is less than the amount we voted so that figure is less and all the other figures are less but we have also been told by the Minister for Municipal Services that in fact electricity production was significantly up this winter.

HON J B PEREZ:

If the Hon Member will give way. What I said yesterday was, in fact, that in particular times during the year, particular days, the peak was a record one and that is why we had to have all engines, all available capacity going to be able to cope with the particular demand at a particular moment in time but I didn't necessarily say that it was throughout the whole of the year, that is the point that I made.

HON J BOSSANO:

What is the position? Have we, for example, in the last three months been producing more and selling more electricity or producing less and selling less electricity, which of the two is it because the statement of the Financial and Development Secretary and the statement in the remarks column of the supplementary estimates both talk about consumption being down. The Hon Member has said in his statement that the combined effect of basic tariff increases and fuel cost adjustment during the year led to some contraction in demand. We have got an estimate of revenue for the forthcoming twelve months and an estimate of expenditure for which we are appropriating funds which I assume must be based on the most recent figures of how the output of the Station is running. From the statement made by the Hon Member in the Finance Bill and from the supplementary estimates we would deduce that we are budgetting to make a contribution in the next twelve months of £1.1m to the Electricity Undertaking Fund because of the level of consumption being what the Hon Financial and Development Secretary has said because it must

follow that if we have to increase the contribution because consumption is down we can decrease the contribution if consumption goes up or am I not right in that? Which of the two is it? Are we facing a situation where the level of consumption came down last year and has remained at the new level and it is estimated to continue at the new level or have we had a situation where there was a level of consumption produced during the course of last year following the budget increases but there has been an upturn in the winter and the upturn has continued and is continuing and therefore the estimate here is in fact an estimate made at a time which has subsequently been overtaken by events and should not be considered to be correct and I think it is important that this should be cleared up by the time we come to vote the sums of money that we have to as contributions to the Funded Services if the Hon Member is not in a position to clear it up at this stage. I think also there are a couple of points on maintenance that I think we are interested in obtaining more information on and on the Technical College in particular. I would like to again ask, the question has been asked and either has been skilfully avoided or perhaps it is an oversight on the part of the Government but we would like to have or would like the Government to obtain information so that they can pass it on to us on the maintenance budget that PSA has got for the Naval Hospital so that we can compare it with our maintenance budget in the Gibraltar Government for our hospitals and we would like to have a similar comparison for the Technical College now that it is passing over to the Gibraltar Government and I think it would also be useful, not necessarily in the context of any changes being carried out here but if the Government were to make available to us the estimated costs this year of the Technical College as compared to last year because in the Education vote it involves a number of changes to different subheads and it is not possible for us to extract the information other than by a not a very accurate guess and from our point of view we would rather have the Government doing the work because obviously they are in a position to produce accurate figures. If I can refer the House to page 32, Head 4, Mr Speaker, the sum that is shown in the estimates for this year which we will have to vote in Committee Stage, is £69,600 and that is shown as an increase because there is a subhead - College of Further Education - for the first time this year. There is also a note under Wages (c) where there is an increase from the revised estimate of £37,000 and note (c) says: "Now includes funds previously under 'Share of Running Expenses of Gibraltar and Dockyard Technical College'", and there are also other references to other subheads so that, in fact, it is not possible for us to know what the cost of the College is going to be in 1985/86 when it is fully a Government responsibility as compared to what it was when it was partly a Government responsibility and we would like to be able to do that kind of comparison. Since I am talking about education I am sure the Minister would expect me to have something to say about all the grey matter that he introduced into anotherwise very rosy budget, Mr Speaker. I am surprised that the Hon Member thought it was a rash decision that we had taken because it almost suggests that

we had invented the policy in order to counteract what he had to say in the Gibline programme. I am particularly surprised that he should have thought that rather than anybody else because he was the Chairman of the GSLP in 1977 when we had the same policy which he then, of course, believed in and therefore I am surprised that he shouldn't know that since 1973 I have been advocating that policy in the House because he stood for election with me in 1976 when I was still advocating that policy and I am surprised he shouldn't have known that the greatest proof that we have of this fallacy of the pointage system in any way being related to the greyness of the matter or the quantity of the grey matter is none other than the first example of somebody being deprived of a grant which motivated my interest in this matter and which led me to my bringing it to the House of Assembly and that example was a young man, I think it was in 1974, called John Fa; who failed to obtain a grant from the Government, who went to study to UK because his father who was then working with me on the Varyl Begg Housing Estate as a carpenter took on a lot of overtime to pay the expenses. I was told in the House at the time that we were already scraping the bottom of the barrel in the people we were sending to UK and that it was bad policy and a wasteful of public money to send people who were potential failures. After the young man had completed his first year at the father's expense the Government relented and the Hon Mr Featherstone agreed that he should be given a discretionary grant and, of course, Mr John Fa is now Dr John Fa and has become a brilliant zoologist who came to Gibraltar, who wanted to establish himself here, is now in Mexico and we should be proud that we produce such people. Unless the philosophy of the Government is that it is better to have John Fa as a labourer in the Shiprepair yard because we need labourers in the Shiprepair yard than as a lecturer in Mexico and as far as I am concerned, the GSLP position is that we have to encourage our young people to come back and work in Gibraltar and give their ability and their brains for the welfare of the community but we must not in any way inhibit their potential because as human beings they are entitled to have their potential developed to the full and our philosophy on education is that it is an obligation that we have as a community to ensure that our young people have got the same opportunity in life in Gibraltar as if they had been born in UK. There is nothing magic about saying 'if you obtain a minimum of two 'A' levels and if you obtain a place in higher education you should get a statutory grant', that is not something we have invented, we have copied it, we have copied it from the UK and when we first suggested it in 1974 we suggested it in 1974, eleven years ago, because that was the system in UK and we are suggesting it now because it is still the system in UK and we don't believe it will cost an extra £400,000 but if it were to cost an extra £400,000 we would support voting that money because that will mean that we have got twice as many young people in Gibraltar capable of undertaking an education who would be getting that kind of education in UK if they were there and even if a proportion of them decide not to come back to Gibraltar, and let me tell the Hon Member that the knowledge

that I have of people who have gone away from Gibraltar to study is that even though many of them finish in all parts of the world and generally are a credit to their hometown, quite a lot of them sooner or later want to come back and it does no harm at all that they should go through a period of experience in a different part of the world where they learn to apply their skills because that broadens their attitude and I think they make an even better and bigger contribution when they get back to Gibraltar. I think, quite frankly, all this business of the danger of patronage and of people ringing up their mummies and daddies, I don't know whether he thinks that the more grey matter you have the less you care about your mummy and daddy, I don't know, I didn't know there was any correlation between the two, Mr Speaker. Certainly, I don't think the Hon Minister for Education, quite frankly, is in a position to teach us anything on socialism. I think on that note, Mr Speaker, I will end my contribution on the Appropriation Bill.

HON A J CANEPA:

Mr Speaker, up until yesterday evening I hadn't intended to take part in this debate for the very simple reason that I didn't have a single note to speak to, the debate had until then almost confined itself to being of a departmental nature in that departmental Ministers were dealing with and giving an exposition of their policy on their estimates of expenditure and their shadows opposite were either replying or if they were speaking beforehand, were asking a number of questions to which they hoped to get an answer. It was really the intervention of Mr Joe Pilcher and then of Mr Bossano which has ranged over a wider and general field of debate touching on matters that I today in my work in Government are more concerned with, that has really provoked my intervention. Before I deal with the points that they have raised there is one point left over from the Finance Bill which was raised by the Hon Mr Michael Feetham which is also very relevant to the Appropriation Bill, at least to the extent that we are not making provision for this matter in the estimates of the Port and that is, I think, the question that he raised of shipping registering where he wondered why I hadn't made any reference to this matter in my intervention on the finance Bill. I have said in the past on more than one occasion, Mr Speaker, though I cannot recollect that I have done so in the House, perhaps I have done so over radio and television, that the whole question of developing the shipping registry business involves a very long gestation period and the reference that I made was to the fact that it can be as long as eighteen months, of that order, and the position therefore is that we haven't by any means abandoned this policy, we are pursuing it but there is a long gestation period involved and it has become longer by virtue of the fact that the enactment of legislation by the House of Commons on a new Merchant Shipping Act which affects the dependent territories has been delayed by perhaps as much as a year due to the lack of parliamentary time in the House of Commons. I think on present form the latest

I heard, well, not the latest, what I heard some time ago was that it was envisaged that legislation might be introduced in the House of Commons in February, 1986, but even this is now doubtful. We had a visit a few weeks ago from officials of the Department of Transport who are concerned with the question of shipping registry and the indications are that even that target date may not be met and that has got implications for us because we have got to bring to the House a new Merchant Shipping Ordinance and it is now clearer in our minds what shape that draft legislation is likely to take and the Government has also taken definite policy decisions about setting up a marine administration. In fact, if progress were to be quicker than what I envisage now I would be coming to the House later in the year for a supplementary appropriation in order to have funds to employ surveyors in connection with this marine administration. I can assure the Hon Mr Michael Feetham that this policy has not been abandoned and perhaps it was remiss of me not to have made reference to it which I could have done quite appropriately in my remarks about the development of financial centre activities because shipping registry business is very much connected with that. I turn now, Mr Speaker, to the intervention of Mr Joe Pilcher yesterday and there is a minor point I want to make at the outset and that is the question of the expenditure by excursionists, the £11m or £13m as it was last year, and the extent to which some of that works its way into Government coffers. I think the figure of £2m was in dispute in respect of expenditure by excursionists coming over the land frontier and I asked the Government's Economic Adviser on what basis these statistics were drawn up or arrived at and the position is that it is partly a guesstimate and partly based from a consideration of the figures that are provided by the banks about the amount of pesetas that are changed into pounds, that is an indication, so it is not entirely a guesstimate, there is some empirical basis to the drawing up of these statistics. Mr Pilcher made a great deal of play particularly on the Finance Bill but he referred to it as well yesterday about the fact that we were only admitting now that the financial position of the Government was weak and that the situation for the economy was difficult and he is wrong, we were doing this last year and we did so in the House, both the Chief Minister and myself, I know the Chief Minister has some material that he is going to quote from in his intervention referring back to his statement last year and I also have some material about one remark of his that I know he hasn't jotted down so I can use it, I am not taking anything away from him because I found it and also what I have had to say. But, furthermore, during the debate on television on the budget between Mr Bossano and myself last year, I did stress the seriousness of the situation and looking a year ahead I did say on television that if the situation continued to deteriorate during 1984/85 as it had deteriorated during 1983/84, we were going to be in serious trouble and that I did not know what the Government would be able to do about it, I was as candid as that. I am sure the Hon Mr Bossano will recall that. Fortunately, it hasn't quite deteriorated to the same extent during 1984/85 as it did in 1983/84, in fact, the position is slightly better

to the extent that we have about £1.4m more in reserve than was estimated at this time last year and there are some prospects now, I think, that perhaps we have turned the corner and that the situation should improve and economic activity should begin to pick up from now on.

HON J E PILCHER:

If the Hon Member will give way. I think the analogy that I was trying to raise was the fact that I do remember the comments that the Hon Mr Canepa is mentioning but I think the difference is that what we were saying then is that the Government was in a very difficult financial position then whereas what the Hon Mr Canepa and what the Hon the Chief Minister were saying was that if the trend continued we would end up this year with a real crisis situation. What we were saying then was that the crisis situation was in 1983/84 and that the Government was already quasi bankrupt in 1983/84 because what they didn't have was any reserves at all because of the amount of arrears owing to the Government whereas this year we are saying that the Government is moving into a situation that they will have another crisis budget next year and you are now saying that you have cautious optimism, that is the difference in the analogy.

HON A J CANEPA:

I don't think we are going to have a crisis budget next year but he did say that it was in the debate this year that we were admitting to the seriousness of the situation last year and others repeated that and that just isn't correct. Page 116 of the Hansard of last year's budget debate, Mr Speaker, the Chief Minister said and I quote: "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". And I myself and this is from page 162, I said: "Mr Speaker, in conclusion, I feel that given the difficult economic and financial climate". Everything that we were saying last year was in the context of a very difficult economic climate for Gibraltar and financial climate for the Government. The question of GSLP policy on education referred to by the Hon the Leader of the Opposition this morning and at great length by Mr Pilcher yesterday evening. I welcome that we should get from Members opposite a constructive and positive declaration of alternative policy if a considerable improvement on the situation that we had here prior to the general election of 1984 when everything that was said by Members opposite, perhaps with the sole exception of the Hon Mr Bossano, was totally destructive, they never adduced alternative policies in a clearcut manner with any kind of ideological basis to it and their attitude whenever we came forward with anything was to pooh pooh it, to decry it or to say that they had thought about it before and they always used to do that. Whilst I welcome that approach I hope that I don't sound patronising, Mr Pilcher must not think that they have discovered the moon. Mr Pilcher must not think that the GSLP is the first political party

in Gibraltar to have had a commitment to bettering the educational system because we have done tremendous work in this field over a long period of time but that is the proof of a commitment, to do it over a long period of time.

HON J BOSSANO:

You have been there for a long period of time.

HON A J CANEPA:

And we are going to be here longer, we are going to be here longer let me tell Hon Members opposite. The building programme - a new Comprehensive School the like of which you won't find in the United Kingdom. The Boys' Comprehensive School was built by this Government in two stages, first of all as a secondary modern school and then the extension after we went comprehensive. The abolition of the eleven plus emanates from the commission of secondary education that the AACR set up in 1967 because during the election campaign of 1964 we were campaigning for the abolition of the eleven plus. The improvement in the scholarship system in a short period of time because up until 1972 a handful of scholarships were being given every year. Twenty years ago one scholarship in the Gibraltar Government for university education, three or four teacher training scholarships and some Mackintosh scholarships and the vast increase in the number of scholarships, the dramatic increase is all the result of the work of Mr Featherstone during his years in Education for which perhaps he has not been given sufficient credit. I do not oppose myself to a policy of scholarships for everybody who can get a place at university, on political grounds, I do not oppose myself to that, I do so on educational grounds, I do so based on my experience of teaching in the sixth form of the Grammar School for ten years nearly and I do so on educational grounds because I am convinced that the incentive that our youngsters now have to do well in their 'A' level examinations would be considerably reduced if it was easier to find a place not just at a university, perhaps at a Polytechnic where it isn't that difficult to get a place, even now it is not easy to get a place at a university with two 'A' levels, that is extremely difficult, you can get a place at a Polytechnic with two 'A' levels but the incentive that there is now, the challenge of getting twelve points, I have no doubt that it is beneficial to the majority of 'A' level students, I have no doubt that it motivates them to work hard and to do well and many more of them would perhaps fall by the wayside and not just would it be a case of not attaining the twelve points but perhaps not even getting the bare two 'A' levels that can get you a place at a Polytechnic.

HON J BOSSANO:

If the Hon Member will give way. I wish all those points had been made by the Minister for Education because then you would have had the reply from this side of the House. As it is, the Hon Member is now speaking, he will be followed by the Chief Minister, somebody else can speak and he is raising things that he may not think they are ideological. As far as I am concerned, he is defending an elitist approach to education which I am sure Sir Keith Joseph would approve of but not the GSLIP.

HON A J CANEPA:

Mr Speaker, I am going to have a nightmare tonight because I have been put into the same bracket as Sir Keith Joseph and I have very serious reservations about the economic and social policies of the present British Government much as I admire them in many other respects, the question of law and order and their whole approach to the Gibraltar issue. I feel very uncomfortable in being bracketed with Sir Keith Joseph particularly after the statement that I heard him make this morning on the radio. There could well be a real problem about the finance and the attitude of Mr Pilcher about allocating resources. You can allocate resources in a situation in which revenue is buoyant, in which there is growth and therefore expenditure can be increased but in a situation in which you have a great deal of wastage in expenditure you may not be able to find the funds. I would much rather put £300,000 a year into education, into scholarships, than find that £300,000 are being wasted of taxpayers money because of the blacking of the boilers by the people at the Generating Station and if you haven't got £300,000 because it is being wasted you cannot allocate them to education. It is a sad fact of life that this happens and I will have a little bit more to say about this later on in the context of industrial relations. You can also raise people's expectations very, very high by promising to do something in that field, to lower pensionable age to 60 and all the other things that Members opposite not only believe in but think that they would be able to implement if in office and the approach to management of the economy that is part and parcel of the economic plan of Members opposite made reference to by the Hon Mr Bossano, it is an approach that is going to produce certain results, may not produce certain results. It may not produce those results given the nature, for instance, of the tax state in Gibraltar, given the nature of the lack of any significant number of wealthy people or big companies as there are in a nation who can be taxed to produce the wealth that you require to achieve these very desirable social objectives. What I would commend and I hope I don't sound too patronising to the Hon Mr Pilcher is that he reads a little bit about the life and the premiership of Clement Attlee and he will realise that for socialist policies to be acceptable and to have a real chance of implementation you have got to have a very clever approach, you have got to have an approach and build up such confidence in the persons who are carrying out those policies that the electorate, the majority does not feel threatened by those

policies. This is the secret of the great success of the Labour Government between 1945 and 1950, a social revolution was brought about in the United Kingdom with virtually no real opposition. Why? Because Clem Attlee was one of the greatest patriots who had proved himself during the war, he was a common man, he was a man that people could identify with and he was the kind of leader that people felt confident because it was inconceivable that he would be doing anything that was not in the overall interest of the country and it is moderate socialists and social democrats who have brought about the greatest changes in any nation in Western Europe and not those who are committed to a less moderate form of socialism. As I say, they haven't discovered the moon and welcome as these alternative policies are and discussion and debate about them, I would hope that some credit should be given to the work that Members on this side, even before my time, did in the field of education, in the field of housing. To talk about this Government not having a housing policy because we are not able to deliver the goods today, we have consistently delivered the goods since after the second world war. Who has built all the houses that there are in Gibraltar if not the AACR? The IWBP did not build a single house. They prepared the scheme at Varyl Begg, yes, they launched the scheme, they got the money for it and they should be given some credit though they had to pay for the land which I think was regrettable but it so happens that they were out of office in June and it fell to us in October, 1972, to actually launch the scheme. And when you have consistently over the years been building more than 100 new housing units you have to be given some credit for that and not just be dismissed and say: "This Government has no housing policy". It is not as bad as what some of the Members of the then House of Assembly used to say when we were accused of not even having a social conscience, of not caring about the problems of housing, accusations from people who are more well to do.

HON J L BALDACHINO:

Mr Speaker, if the Hon Member will give way. The Hon Member will understand that after 1981 the houses that they built were built with ODA money and when I said that they haven't got a policy what I meant was that they come to this House making announcements of what they are going to carry out, for example, Engineer House, the Vineyard project which will take about two years, in other words, when I say that they haven't got a policy what I mean is, Mr Speaker, that they are announcing things without looking into it and then not being able to execute it immediately or within a reasonable time, to alleviate the housing problem that we have today. That is what I mean when I say that they haven't got a policy.

HON A J CANEPA:

It all boils down to finance. Varyl Begg took before it was completed four or five years, it does take time to build houses and ODA money has been coming on stream or was coming

on stream from 1969 when the frontier restrictions started. Prior to that the funding was different, prior to that the funding was tripartite, for every £1 from Colonial Welfare Funds the Gibraltar Government used to put another £1 from reserves and £1 from the budget, that is how housing was financed up until 1969 and some of the latest housing we have been paying for, notably at Catalan Bay, Rosia Dale, that was a contribution totally coming from reserves. And even now, I should say, on schooling, before I forget, Mr Speaker. The Hon Member must have seen a tender notice going out very recently in order to develop, in order to modernise a school in Town Range so that at long last we can get rid of that educational 'Belsen' that I attended as a five year old at the bottom of Hospital Ramp. Even now in spite of all the difficulties that we have, we have a commitment to education and we are prepared to find the money from whatever resources we have in order to improve the situation.

HON R MOR:

Mr Speaker, if the Hon Member will give way. Before he moves away entirely from education. He has defended the pointage system as regards scholarship on 'educational grounds' he said, because he thought it was to the advantage of the majority of students. Mr Speaker, how can that be when only yesterday we found out that less than half these students are getting scholarships?

HON A J CANEPA:

I don't think that less than half are getting scholarships.

HON R MOR:

Well, Mr Speaker, the Hon Minister for Education said that £400,000 was required.

MR SPEAKER:

In any event we must not ask for justification of statements made because otherwise it would be a debate within a debate, it is a matter of opinion.

HON A J CANEPA:

I have examined the lists of examination results over the last two or three years because I have an abiding interest in 'A' level results and it may be that the Department have got much more detailed statistics than I have but I find it very difficult to accept that the number of students that get twelve points in their 'A' level exams is less than the number of students who don't get twelve points but who get two 'A' levels. I find that very, very difficult to accept and I have a hunch that that cannot be, it certainly wasn't the case last year. Perhaps I am wrong and my assessment

is one based on a detailed perusal of results over the last two or three years and perhaps if you go back further I stand to be corrected. I would like to deal now with the questions verging on industrial relations matters and on industrial relations matters proper. My colleague, Major Dellipiani, spoke in his intervention about the question of the introduction of work norms and work measurements. Mr Bossano hasn't reacted to that, not today, and I want to try and measure, if I can, my words carefully because if I am going to be critical of any group one has got to tread warily. We saw what the reaction of the doctors was recently to comments that were made here and no matter how accurate the press is the fact of the matter is that in condensing a report on the proceedings of the House as they are bound to do, the matter can be taken out of context and the wrong impression can be given outside the House so I am going to try to tread warily and I hope that I won't say anything injudicious. The reasons why the Government wants to see work norms introduced, the main reason perhaps has to do with the Maintenance section of the Public Works Department. The Public Works Department is a vast organisation of which people, generally, are very critical, it has got numerous sections that are doing sterling work, have been doing sterling work for a long time and they get very little credit for that. I would say one of the great success stories of the PWD is the Water Section. Gibraltar hasn't gone short of water, a great success story. They have cut wastage down from over 30% to single figures, they have done marvellous work given the right leadership and with a good gang of men. The Sewer Section have, from my own personal observation I can say, have done marvellous work, I have seen sewers opened up along Main Street and John Mackintosh Square and you have gone by in the morning, returned at lunch time and then again at five and you have been able to assess the tremendous amount of work that has been done during the course of the day. But the Maintenance Section are the people that are in the public eye. They are the people that go to the homes to do work in the homes of people who themselves probably are manual workers and manual workers themselves are very critical of the PWD Maintenance Section. They start off with an inherent disadvantage, you cannot go into the house to do any work until after nine so already if work starts at eight in the morning there is an hour lost and now during the summer period it is more than an hour, more like an hour and a half because they start at 7.30 am. They go to a house or they go to a school to see what the requisition is all about, the craftsman arrives, maybe he brings a tap with him which doesn't quite fit so he has got to go back to the depot, bring another tap and there are delays, there may be problems of transport, problems in organising the work but there is also another problem and no one can deny that that does happen and that is the extent to which in spite of all these matters that I have mentioned, there are some individual workers who skive. I have gone by a Government Quarter where a relative of mine lives and I have approached the window to ask a question and I have seen myself, with my own eyes, a few months ago, two workers lounging,

sitting down listening to the radio at 2.30 in the afternoon. This is a fact of life, it happens and ordinary working people are aggrieved about this, they are aggrieved because they are paying taxes, because perhaps they are working harder themselves in the private sector or in Gibraltar Shiprepair where because of the factory type of environment people are more heavily supervised and because that is a private sector firm that has got to deliver the goods and these people feel rightly aggrieved about what they consider to be the situation in the Maintenance Section which leaves a lot to be desired. What the Government wants to do is to be able to assess how long should it take a man to paint a door, how many bricks should a skilled craftsman be able to lay during the course of a working day, is it two, is it twenty, is it eighty? And the reaction so far of the TGWU is in my view unfortunate and the reaction is to say: "Well, look, if you expect more from the industrial workers then what about the top civil servants?" That isn't good enough, that is the wrong attitude to adopt and I hope Hon Members will notice that the two Members from this side of the House who are critical about these matters, who have got the courage to stand up and say what they feel are the Hon Major Dellipiani and myself, two of us who come from a working class background, who have been active trade unionists for many years, Major Dellipiani as a TGWU paid official and I, myself, with the Teachers' Association, I have been on strike, I have organised a successful one day strike for the Teachers' Association in 1966, I have worked to rule after school hours like the teachers are doing in UK. I jolly well made certain during the working day that the youngsters under my care did not suffer in academic terms but one has been faced with an employer who has been intransigent, one knows what it is all about and has had to adopt a certain attitude and I feel that we have got some moral right, Major Dellipiani and myself to be critical. Where I, perhaps, am critical of some people, perhaps I won't say all, some of the leaders of the TGWU, is that they do not accept that union members are not always right and perhaps that is why in the days that Mr Michael Feetham was talking about, the TGWU was not as big as it is now because the then resident officer had the courage to tell one of his members if he didn't have a case that he didn't have a case. Of course, there is a price to be paid for that, you may pay a price in the loss of votes at the general election and loss of the 70p a week from your members, there is a price to be paid. But what happens now? There are people in the TGWU leadership who never disagree with their members. They will pick up the telephone, phone somebody in the Labour Department or somewhere else whether they consider that their member has got a case or not and put the case across and let the one at the receiving end of the telephone be the one to say no - "Hombre, el muchacho, pobrecito, yo queria ayudarlo" - but that is the difference, Mr Speaker, and I think that Hon Members opposite in their political activities are in danger, if they ever sit on this side, of creating a monster that they will not be able to handle and let them not think for a moment that they will. They will have raised expectations having been so closely

involved and identified with their members, their members will expect, not to mention the extreme left-wing element in the union, I won't use the words I used the other day, what they will expect from such a Government and I have very serious doubts whether they would be able to deliver the goods. I come now to the question of what I said, the wrong attitude in respect of work norms and the top civil service. When you are in Government you need the members of the top civil service to implement policy decisions for you. You can take all the decisions in the world in Council of Ministers but somebody has got to implement them and the civil service can and does drag its feet very often in implementing policy decisions and you have to chase them up and you need the time to chase them up because it is a very laborious process to be calling people in or to be telephoning people and say: "What about so and so that the Council decided last month, what has been done, what is happening?" And there is a monitoring section in the General Division and it isn't enough, you have got to do that yourself, and there is a limit to what any Minister, even a full-time Minister and let me say that there are on this side of the House already four full-time Ministers, there is a limit to what you can do during a working day. I have no doubt about the enormous capacity for hard work of the Hon Leader of the Opposition but if he were to be Chief Minister he would not find twenty-four hours in the day sufficient for what needs to be done, it just isn't sufficient. The other danger about blaming unnecessarily or even about expecting the very top civil servants who work extremely hard, who produce a lot of work, the other danger is that you have alienated them to such an extent that they are going to set you up, they are going to create pitfalls for you, yes, for the Government, for the politicians. Let me give two examples, two matters that the Hon Member mentioned where that can happen if they wanted to. He talked about the short notice that was given about overtime on a Maundy Thursday. I don't think that happened because management were being deliberately, I hope I am forgiven for using the word, Mr Speaker, bloody-minded about it, but if management wanted to they could do that to embarrass the political arm of the Government, they could deliberately do that sort of thing. The very short notice that was given about the painting of the four properties to the Hon Member opposite, that was not deliberate but it could be and again the Government is embarrassed and these are matters that have got to be borne in mind. The civil service may not agree, management may not agree with some of the policies that the political arm is trying to implement, they will have a right to warn you about it and to advise you about it. If they wish to upset the order they might embarrass the Government by information being withheld, by the full consequences of the actions that you are taking perhaps not being brought to your notice. It can happen and I don't think that it is happening not because we have a cosy existence with management and with the civil service today, no, it isn't that, what is happening is that many of us have been there longer than they have and that is why I always say that the situation that obtains in UK which

'Yes, Minister' puts across does not happen in Gibraltar because Ministers in Gibraltar are not in office for the average period that they are in UK which I think is something like a year and ten months, we have been here longer than the majority of civil servants and the fact is that you can go back further and you know more about many matters that they do but it still happens. I was told on Monday afternoon, during an afternoon when I had a whole series of meetings and over the telephone in between one and the other, I had to deal with the matter to the extent that I was able to, I was given a very brief account of the matter, warned that the staff in the Port Department were going to take industrial action and that the following day there were two cruise liners coming into Gibraltar. It should not have reached that stage, of course it should not have reached that stage and some people were at fault in allowing it to reach that stage and I had to intervene to the extent of saying to the Industrial Relations Officer because I was told that because the Establishment Officer is on leave, I understand he doesn't return until Monday, nothing very much could be done to deal with this matter. And I said to the Industrial Relations Officer: "You go and see the Acting Establishment Officer and make sure that this matter is dealt with". I didn't say what line had to be taken, I didn't go into the merits of the case but to be told that we had to wait until Tuesday, anyhow, I am not sure whether it was on Wednesday that the matter could have been dealt with or next week, this is not acceptable. If there is somebody acting that person is paid an acting allowance, he has to deal with the problem. I have to deal with problems when the Chief Minister is not here and I don't get paid an acting allowance. It falls on whoever is on the spot. That is bad, to conduct industrial relations that way is bad for the Government as an employer and it only creates problems in the future because the Government gave in because it was threatened with industrial action on the Tuesday, so it strengthens the hands of the militants and the attitude of moderate unions will be 'the only way you can get results is being militant, so let us be militant', of course it was wrong. What has happened with the GTA is wrong because on four of the items, I am not going to say that we can agree to the four of them probably we cannot, but out of those four two of them an answer could and should have been given many months ago because there is no disagreement on the issue and if a paper for Council of Ministers is brought to me the day after notice is given of industrial action for me to approve for it to be included in the Agenda for the next meeting of Council of Ministers and this was a Thursday, surely that paper could have gone to Council of Ministers the previous day when we were meeting and this is wrong and management must realise that we cannot carry on like this. I have been telling the Establishment Officer: "You must not react crises, you have got to be a step ahead". But that is not the full extent of the story. It isn't just management which is wrong and I have mentioned two instances that I know intimately where I admit that we are wrong but industrial action does take place at the drop of a hat on a number of occasions and not only that but in instituting that industrial action the people who have taken the decision very often are thoughtless and careless about what they are doing.

HON J C PEREZ:

Will the Hon Member give way?

HON A J CANEPA:

No, because I am not answering anything that the Hon Mr Perez has said, I am not dealing with anything that he has said. I give way to people whom I am answering. What I said about being thoughtless or stupid. I have got here the minutes of a meeting held last week between the IRO and representatives of the TGWU. It doesn't involve anybody opposite and this is about the decision of the TGWU to refuse, in fact, instructing Government employees not to cut off the electricity supply of domestic consumers. The meeting had been called at the request of the Staff Side. They said they did not want this matter to escalate into an all-out dispute, perhaps these minutes have not been approved. The Staff Side accepted that this was not strictly an industrial relations matter but they take industrial action refusing to cut off the supply of electricity. The Staff Side accepts it is not an industrial relations matter, of course it is not an industrial relations matter, of course the union is putting itself outside the pale of the law and the protection that the Trade Union and Trade Dispute Ordinance affords people who take industrial action in pursuance of a trade dispute. What are they on about, the people concerned? What do they want? To be taken to Court? For the Government to have to have an injunction against them? Is that going to promote better industrial relations? And I would hope, Mr Speaker, that they now reconsider in the light of the information that has been made available which makes it abundantly clear that there were more domestic consumers involved, ten times more than businesses and that they were barking up the wrong tree and it is not the first time that that has happened, Mr Speaker. The Hon Mr Bossano has been away from Gibraltar on more than one occasion and those who have remained behind have taken industrial action on what was not an industrial dispute and when he has come back he has found a mess and there I am telling the truth. Action that is thoughtless. Last September, Mr Speaker, Secretariat was blacked and Secretariat is blacked very often, not that it is painted black, it is black because of the fumes emanating from the cars. Last September Secretariat was blacked and it happened to affect me personally because I have an office in Secretariat so everybody in Secretariat was blacked, I didn't have the use of an official car and we were leaving for Brussels and I was going to be taken to the airport, I should be taken to the airport in the official car and my driver said to me: "Sorry, Mr Canepa I am under union instructions, you are all blacked". I called the Industrial Relations Officer, I told him what the problem was and I said to him: "Make sure that the person behind this" - and it was the then Chairman of the Government Section - "gets to know that if this state of affairs continues I am going to make it public that I am blacked, I cannot be taken to the airport when I am going with an official delegation to Brussels but that

same car has already been used after the blacking action to collect at the airport people who have come over from the United Kingdom". So people who come over from the United Kingdom, yes, no problem, they are not at Secretariat, they are not blacked, an official car can be sent to provide transport for them but a Minister of the Government in an official delegation, no. And the message got through that I was going to make it public and, of course, the stupidity of that action, the thoughtlessness behind it was soon rectified. I am seriously concerned about the direction and the problems that are increasingly rearing their ugly heads in the field of industrial relations and I am very worried because I am convinced that there is no way that the Establishment Division, no matter how efficient they become, can cope with the number of claims that are facing them and the danger is, of course, time will go by even if with all the best will in the world procedures are improved, staff is increased, and let me say that the Establishment Division are going to be staff inspected but even if they get an increase in staff the number of matters that are being raised with the Government's Industrial Relations Officer is such that there are going to be, in some of them serious delays in processing these claims and, of course, if time goes by and answers are not given the danger of pressure later on is very, very much greater. At a meeting on the 29th March, Mr Speaker, and on this occasion the Hon the Leader of the Opposition was the representative on the Staff Side, there were 47 items discussed. At least three-quarters only go back to 1985, there are not that many going back to 1984, one to May, 1984; June, 1984; September, 1984; February, 1984; two December, seven or eight go back to 1984, nearly forty are March, February or January, 1985, in fact, mainly February and March. There is no way that the present Establishment Division can cope with this and even if you double the number so that they process claims quicker the fact is that those claims have also got to be referred to somebody, some of them to Council of Ministers, some of them to a mini Council to try and expedite matters, of Major Dellipiani, Mr Featherstone and myself, we clear a lot of things out but there is a limit to which you can multiply yourself, there is a limit to the number of hours in a day and I am seriously worried, Mr Speaker, that this is only one union, this is just TGWU/ACTSS, I would imagine. The others also put in claims, the GGCA, the Teachers' Association, the IPCS, they have to be dealt with.

HON J BOSSANO:

If I can correct the Hon Member because that is just TGWU. I believe ACTSS has got another fifty-two apart from those.

HON A J CANEPA:

There you are. On the assumption that that is not an attempt at disruption because there are legitimate claims that have to be dealt with, the fact is that it is putting the Government

as an employer in an intolerable position and it has got to be realised that with all the best will in the world you haven't got the administration, you do not have the set-up to cope. Ten years ago, perhaps a bit longer, fifteen years ago there wasn't even an Industrial Relations Officer. Today there is an Industrial Relations Section, there is an Establishment Division. In the old days the Administrative Secretary was also the Establishment Officer and had one assistant. That is the nature of the complexity of these matters and then people outside in the private sector wonder why does the Government have such a top heavy administration. I am going to suggest one or two ways in which matters could be improved. For instance, if trade union representatives other than when there is a crisis were not to drop in unannounced and ask for a meeting and then bring up very many items, if an agenda were to be drawn up beforehand, if meetings were to be arranged with a timetable but very often people do drop around and I can understand that the relationship between the Industrial Relations Officer and many TGWU representatives has got a personal basis to it, it is important that the Industrial Relations Officer be able to get on well, that the nature of his relationship with union representatives should be a positive one because otherwise even greater problems can be created. If the IRO leads with his chin as one used to do notably about ten years ago then the union side are going to be provoked and their reaction is going to be very negative. But it does create problems for the Industrial Relations Office, unexpected meetings, unplanned meetings and then, of course, they have the task of processing minutes, sending them to the Establishment Division for the Establishment Division to deal with, the Establishment Division will have to consult Departments, it is very often a lengthy process. I have tried to instil, as I have said already, on the Establishment Officer the requirement not to react to a crisis and to give an answer, to say no, perhaps it is better sometimes to say no or yes, if yes is the answer, than not to give an answer at all but it isn't easy and I stress that I am seriously concerned about the number of items and of course the fact that there are two or three which are difficult, like the boilers, where the Government feels that it is intolerable, what a waste, £1,000 a day when the boilers which are designed to use so that the exhaust heat of the Generating Station is used to produce cheaper water but this cannot be done, the boilers are in danger of erosion, we may have to write them off if this state of affairs continues and it is an attitude that perhaps one can understand from workers that if they know that the Government has this problem, well, let us adopt an entrenched position, there is likelihood of getting what we want is much better. I have trodden, Mr Speaker, this morning on dangerous ground. I realise that I am walking through a mine field but I live with the problem, with many of the other problems that I have when I have a bit of spare time I have got to chip in in the field of industrial relations otherwise the Chief Minister would have to do it and he has got other things to do as well and it is a matter that worries me considerably and I would hope that these problems can be understood, that an effort should be made

to ameliorate because the danger is that no Government of whatever political ideology or complexion, no Government may be able to deal with, what I would call a monster that one cannot cut down to size whether one wants to or not. I am not talking about confrontation, I am not talking about union bashing, I can say that because I hope Members opposite accept that I do not believe in union bashing, we have had Members of the House here who did, I hope I am not amongst those and it is significant I think that my other colleagues tread very warily, they don't speak about these matters, they realise that not having any kind of trade union background they are very open to all kinds of attacks. So I have stuck my neck out, Mr Speaker, I don't know what will come out of the wash but I do hope that Hon Members opposite will realise that one has a conscience, that one has got to sleep with one's conscience and that you cannot keep matters bottled up indefinitely. There comes a time and there comes an opportunity when you feel that you have to say certain things, the opportunity has come and on this occasion this morning I felt that that was the case as far as I am concerned.

HON J E PILCHER:

If the Hon Member will give way just before he sits down because I haven't wanted to intervene just in case it might be construed as being disruptive which I didn't want to. There is only two points one of which is the fact of the trade unions having created a monster which the GSLP might find difficult to control if ever they are in Government. First of all, having heard the Hon Mr Canepa say that as far as that side of ours is concerned they will never see the day when this side of the House would be in Government, I don't see his fear that we might not be able to control them from this side but I can tell the Hon Member one thing, not only will we take the £5 from him in three year's time just as we have done with the Financial and Development Secretary this year, but we will also give him a Clement Attlee lesson on how to run the Government in three year's time. The other point, a much more serious point, Mr Speaker, and this is that I think and in exactly the same way as the Hon Mr Canepa has just said that there are some things that you cannot keep bottled inside, I have been sitting here patiently and it is something that I cannot keep bottled inside and that is the unfair treatment given by the Government on this Appropriation Bill to the Opposition. The Government have the right of reply from both the Hon and Learned Chief Minister and the Hon Financial and Development Secretary and yet the Hon Mr Canepa chose to wait till after the contributions of both myself and the Leader of the Opposition to make his contribution which limits the possibility of the Hon Leader of the Opposition being able to answer a lot of points he has made on various intricate matters and I think this is an unfair state of affairs and, in fact, the Hon Mr Canepa was saying in his contribution to the Finance Bill that on two occasions the Hon Leader of the Opposition had not been able to make a contribution on the Appropriation Bill. Perhaps they might find that this is the state of

affairs, the Hon Leader of the Opposition might not contribute to the Appropriation Bill next year either because he will have to wait for the Hon Mr Canepa to make his contribution. Yes, Mr Speaker, the Hon Mr Feetham has not spoken but obviously on the Appropriation Bill it is the Leader of the Opposition who sums up for the Opposition and the Hon Mr Feetham was not going to speak because the Hon Leader of the Opposition had already summed up for the Opposition. That is something that I would like the Government, obviously they cannot correct it this time but to take care not to do this in the future especially if you are going to introduce a lot of new matters because when Mr Canepa stood up he just said he wanted to make a couple of points but then he has made a lot of new points especially on principles of trade unionism and a lot of things which obviously now my colleague, the Hon Mr Feetham, will try and answer.

HON A J CANEPA:

Mr Speaker, I don't know whether Mr Pilcher was here right at the beginning when I started speaking because I did say that I had had no intention yesterday of speaking, I had nothing to deal with, I certainly wasn't going to stand up to speak about shipping registry, I had no intention of taking part in the debate. I had had my say during the Finance Bill, unless he doesn't believe what I am saying, it was only the notes that I took during the course of his intervention yesterday evening and Mr Bossano and they are here I can pass them to them later on, they are the notes that I took that led to my feeling that I should make an intervention. It was not a deliberate attempt on my part to have a say after Mr Bossano, I never adopt that attitude. On the Finance Bill I spoke immediately after the Chief Minister. Why? Because I felt that the contribution that I had to make was of a positive nature and why not say that at the beginning to try and give the debate some direction in respect of economic matters and what, wait until we have spoken about education and about the medical services and Labour and Social Security and then come in and talk about the economy? It didn't seem to me to make sense so I launched myself immediately and having done that I had no reason to take part in this debate except that, as I say, in the course of other interventions these points came up and then when I came in this morning I asked whether Mr Feetham had spoken, he hadn't done so so at least I felt there was somebody on the other side of the House who was able to follow me and to exercise a right of reply on behalf of the Opposition just as he did during the Finance Bill, he followed me. I assure Hon Members opposite that there was nothing deliberate in that and because of that I have given way when I have been asked to do so by every Member opposite except Mr Perez and I will now give way to Mr Perez if he wants me to just to show that I don't deliberately wish to deprive anybody opposite from an opportunity of answering any points that I have made.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. I think there are two points. First of all, he has gone into a much more extensive defence of a Government policy on norms than was done when the thing was mentioned in passing. All that was mentioned in relation to norms by the Minister for Public Works was that his attitude was that if somebody was working very hard he should be rewarded and if somebody was not pulling his weight he should be penalised, period. The Hon Member has gone into a much more extensive thing about the thing being put, the reaction of the TGWU being disappointing. If the Government wants to make a major policy statement on industrial relations or on problems in any area which is relevant then let them make that point and we will listen to that and we will answer it. Certainly, all that we can do at this stage is very little because if that had been made as an opening statement earlier on they would have had a reply and certainly I don't think that the Member needs to think that there are no answers, there are answers to all the points he has made.

MR SPEAKER:

We are not going to have a debate within the debate as to the order in which Members speak. I think you have made your point.

HON A J CANEPA:

Perhaps if I may explain that I introduced this matter of the work norms into my intervention because he didn't react in any way to what Major Dellipiani had said. I know he disagrees but I thought that it would be valuable that he should know how we on the political side of the Government felt about these matters, I think it is useful that he should know that. In talking about communication people should know how they feel about things I think it is welcome and it was an opportunity to put across my point of view to him, he can now take it away if he doesn't want to reply to it at any level he needn't, if what I am talking is nonsense he can tell me it is nonsense but I thought it was a useful opportunity. I am not able to sit with the Industrial Relations Officer to tell him what I think, he has got the advantage of having a political and an industrial string to his bow, I don't, I have got to do it through the IRO and it is not easy for me to find the time to give a statement to the IRO and say: "Here, read that out to Mr Bossano and let us see what he has to say about it".

HON J BOSSANO:

I am not disputing what he is saying, Mr Speaker. I am just saying that I cannot give him an answer due to the rules of debate.

HON M A FEETHAM:

Mr Speaker, as my colleague has said I wasn't going to speak on the Appropriation Bill because I had said all I had to say on the Finance Bill and I don't believe in talking unnecessarily on matters which have been covered by everybody and have been given an adequate airing but the intervention of the Hon Member opposite, Mr Canepa, needs to be answered on a number of points primarily when he started talking about socialist philosophy which is something that is a matter which we are going to live with in Gibraltar certainly whilst our party is represented in the House of Assembly and certainly whilst our party continues to gain support in Gibraltar. We do not intend ever to impose socialist policies on people. We have already made it quite clear that we will be on the other side of the House when the time comes that people accept that it is only socialist policies that will overcome the problems and the crisis which has been brought about by a continuous AACR Government that could be accused and defended by the accusers of being a party of the establishment because when he talks about the progress having been made in the last twenty years and in the last thirty years a lot of the progress that has taken place is the natural consequence of the overall progress that has been taking place everywhere else and it is the relationship that we have had as a colony and the role that the party in power has played in relation to the Colonial power and the way we have finished up today in the crisis which has been reflected in the estimates and that is why when we talk about there being no policy on this and not policy on that it is because what has happened is that we, and by we I am talking about the Government on the other side of the House, has been complacent and has accepted that we in Gibraltar should play a service-type situation to the Colonial power as far as defence expenditure is concerned in Gibraltar, we have been geared to that situation; we have been handed out as much as the Government has been prepared to accept which in our view has not been adequate and at the end of the day it has been that Government which is represented on that side which has accepted that Gibraltar should change from a defence economy into a tourist-type economy which incidentally the Minister for Tourism has got it all wrong because he has contradicted himself as far as tourist policy is concerned, he argued about up-market and doesn't know where he stands because when we talk about up-market as being one of the pillars of the tourist development in Gibraltar and you look at the reality of the situation we have 1,400 beds in Gibraltar and already if what he is saying is true those beds have been taken up by overnight stays. On the other hand he is saying, Mr Speaker, that we should not allow hotels to push out the tour operators, well, he knows that the tour operators cannot come on a full programme to Gibraltar because each tour operator will need at least 400 to 450 beds to make a successful operation because of the competition that there exists worldwide as far as major tour operators are concerned, they will need the beds at the right price and consequently you will not be about to mount tour

operations in Gibraltar so consequently you are going to find that there will not be any expansion in Gibraltar, Mr Speaker. These things which are of minor detail in a programme of overall economic change, Mr Speaker, are something that should have been looked at and it should have been looked at at the time of the decision to change. When we talk about an economic plan we talk not in the same sense as the Government has been talking, they said they are going to do the shiprepair because it accepted the £28m package, they are going to develop tourism and now they are going to go back to the British Government and they are going to ask for development aid because they need to do this, that and the other. All those things, and we are only talking about eighteen months ago, should have been done at that stage and we should have known eighteen months ago what the programme was for the seven years ahead of us and that is why, Mr Speaker, when we talk about the Government not having any policy on housing it is because they have never done their job properly, they have never thought about the people of Gibraltar long-term. What they have been doing is paying lip service to the British Government who have the overall management for the economy of Gibraltar, that is what you have been doing.

HON CHIEF MINISTER:

Absolute rubbish.

HON M A FEETHAM:

And when we talk about moderate socialism, and he tried to give us a lesson about moderate socialism, and whether our socialism would be accepted by the people of Gibraltar and he quotes Mr Attlee, Nye Bevan was considered a revolutionary by Mr Attlee and Nye Bevan introduced the welfare state in Britain and thank God that a revolutionary of that type brought the welfare state to Britain which is the envy of all the European Community.

HON A J CANEPA:

If the Hon Member will give way.

HON M A FEETHAM:

No, I will not because you interrupted my speech on a number of occasions when I was dealing with the Finance Bill and you distracted me from what I was going to say.

HON A J CANEPA:

It was just a point about Nye Bevan.

HON M A FEETHAM:

And when he said about 1945 to 1960 he did not add that we had just come out of a world war where the aim of the people was to get the country back into the right economic circumstances and thank God that we had the Labour Party at the time. When he talks about industrial relations, Mr Speaker, and he says to us that we haven't discovered the moon and he quoted my colleague the Hon Mr Pilcher when he made reference to educational matters. Surely you haven't discovered the moon, industrial relations has always been there, we have always had problems with industrial relations, it is nothing new but what I don't think we ought to do in this House, Mr Speaker, is turn the House from a political institution to one where we are going to have practically pleas of negotiations across the House. That is not a matter for this House it is a matter for your management to deal with with the unions outside this House. And when he criticises working people lounging about in their places of work, let me remind the Minister opposite that there was an enquiry into the Public Works Department chaired by Sir Howard Davis and recommendations were made about efficiency and so on and so forth and so I ask, and I don't want an answer from Government, what has been done by the higher management to put into effect that report and the efficiency requirements recommended by that report? It is up to the Government to do it as I am reminded by my colleague on the left. Let me tell the Minister opposite, Mr Speaker, that he will not frighten us from pursuing our policy of being in Government by telling us that we may be opening ourselves to pitfalls by the way that we are dealing with matters because if he is saying that the civil service or the hierarchy of the civil service are turning themselves into a sort of a political party within a political party as far as the political party of the Government is concerned, then I tell you that you have got a serious problem because if that is the case we ought to have a Select Committee of the House set up to look at the dangers that that is going to bring about because you obviously think there is a danger because if that is the case that will be the most serious threat to democracy in Gibraltar and it certainly would be by a socialist party in power. Mr Speaker, I have got one final point to make and as I said I didn't really want to intervene, it is that the difference in the philosophy which is reflected in this House and both sides have to respect each other because the will of the people is the one that demands and the one that decides at the end of the day is that we are a socialist party and that you can call yourselves whatever you are but what I will ask from the other side is not to attempt to ridicule the fact that we are a socialist party, that we are committed to a socialist Gibraltar and that our philosophy as socialists is to look at matters in their wider context. We do not believe in haphazard introduction of policies but we stand and fall on overall planning, we stand and fall on forward planning and that people will judge our party once we are in power not by what we do in the first twelve months, not by what we do in the first two years because the first term of office we will

have to devote ourselves to setting the economy, to setting the higher management, gearing them to what we want to do and people will judge us over a twenty year period the same way as people are judging you for your twenty years in power which today already shows that half the people in Gibraltar do not agree with what you have done over the last twenty years, Mr Speaker.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon and Learned the Chief Minister to exercise his right of reply.

HON CHIEF MINISTER:

Mr Speaker, I very much regret the way in which the debate has gone in the last three-quarters of an hour and I fully share the expression of my colleague, Mr Canepa, that he did not intend to speak, that he was prompted by what he had heard from the last two speakers and that is inevitably a matter of debate and order but perhaps this can be a lesson to us in the future to do something that I tried to do with the previous Opposition and couldn't do and that is that perhaps before a debate of this nature we should field the speakers in an order that would suit both sides. That I tried to do many times and the failure of that attempt was the one instant in which none of us spoke because everybody wanted to speak last and with great humility I thought I should be entitled to speak last because I was responsible for the Government but there was no agreement and it wasn't that there was no agreement between Mr Bossano and myself, it was that there was no agreement between him and Mr Isola and therefore that could be avoided because I think, in fact, in my notes last night about my last intervention in this, I was going to say it and I will say it now because despite what has happened it is still something which I think is true and that is that we have had a very thorough debate, we have had a sort of 'state of the nation' enquiry into the matter, nobody has been stopped from saying what they wanted, the matter has been carried out in reasonable amity except for the last exciting words of Mr Feetham which are reminiscent of his years in the AACR twenty years ago and I will have to say something about what he has said but other than that I think this has been a good exercise, every Member has taken part, there have been no pressures at all but let me just deal with two or three points raised by the excited Mr Feetham at the end of his intervention and then I will come back to the rather more sedate points which I have made. The AACR is not a party of the establishment, it is an established party with a record. You still have to go a long way before you can say that in this House, perhaps ten, fifteen, twenty or thirty years, I don't know. The last remarks that he made about the period required reminded me of Felipe Gonzalez when he said: "I will be in office whilst people who are now in school will come forward to vote". I think it is a very reasonable thing to attempt to emulate Felipe Gonzalez because I think he is a very good politician.

He said one thing which is somewhat silly and that is that we have given way to the change in defence expenditure. That is absolute nonsense. The defence economy was not given up by us, the defence economy is being imposed not only in Gibraltar but in many other places. The cuts are made by virtue of defence policy with which you may or may not agree and it has nothing to do with us, really, except insofar as it affects the people of Gibraltar and there was nothing at all that we could do about the fact that no more Leander frigates have got to be repaired, as was mentioned casually, I think, and possibly a danger if there is no surface fleets, as they say, well, so much less will there be people coming here and spending money and so on. It is ridiculous to say that we have been a party to the change in defence policy. Defence policy has been suitable to us, we have grown up on that basis and it is because we have grown up on that basis that we have a right to tell the British Government that they have to substitute it. Whether the substitution is right or is wrong is a different matter but if the identity of the Gibraltarian was created as a result of an empire requirement in the days gone by and has suited the people and they no longer do that but they have created this entity, then they have a duty to remain here and help that entity for a reasonably satisfactory life in the twentieth century. I think there is one other thing and that is that it was not a question of negotiating across the table, I think all that the Minister was saying was the frustration that is felt and I will only mention one because industrial relations have been mentioned generally and I think whether the party opposite is connected or not connected to a trade union, I think industrial relations in a country nowadays takes a very important aspect of life and it is fair that one should air one's grievances. Apart from all the difficulties that have been raised, if I may say so with respect, leaving the whole of Gibraltar without electricity for two hours because some buildings were put out to tender for painting seems to me the acme of extreme industrial action which has nothing to do with the matter in hand.

HON J BOSSANO:

If the Hon Member will give way. That is a completely misleading thing to say, Mr Speaker. The Hon and Learned Member may still not be fully informed by his civil servants about what is going on in the Government. The reason why people stopped work that morning was not because the thing had been put out to tender but because workers had been sent home on Friday and taken off pay and the fact that they were right in their action is proved by the fact that when they went back after stopping for two hours, the Government paid them for the time they had been sent home, so what is he talking about?

HON CHIEF MINISTER:

I think the Hon Member has misunderstood me. Even if they were right

HON J BOSSANO:

They shouldn't do it?

HON CHIEF MINISTER:

Even if they were right, no. Leaving a whole city without electricity with the suffering that is created to the working class and to everybody else because the Government was wrong, alright, in attempting to get some buildings painted and a few painters, or whatever they were, were sent home does not justify closing down the Power Station to go to a meeting about the matter. Whatever may be argued about that has nothing to do with Members opposite, it is to do with the way in which industrial relations are tackled, one aspect of it and, as I said, I will not deal more with that. Anyway, that is the only comment I wish to make on the question of industrial relations, I think it has been more than exhaustively dealt with before. Let me start by confirming the wrong impression that has been given not only by the Hon Mr Pilcher but by other Members that last year we were saying that everything was nice and rosy. I started my contribution in last year's debate saying, I am quoting from page 112: "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 reserves and the constraints posed on real revenue growth". That was one very direct reference to the fact that I was not painting a rosy picture but rather a sombre picture. I also referred to the expected fall in the level of the reserves and the constraints posed on real revenue growth, I said: "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". Later on I said: "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 later". So that, really, we knew that it was coming but what Members opposite don't know is what it would have been like or can imagine what it would have been like if we hadn't got the prospects now that we have of putting our things in order. The one single statement which is 100% true was that one from the Hon Mr Baldachino when he said that this was a political budget. Well, I don't know of any budget which is not political, of course it is a political budget. What he meant was this is a political budget and it is not going to go badly on the people because you haven't raised anything, that is what he was saying when he said 'this is a political budget', a budget geared politically to have it acceptable.

Well, in that respect of course it is the aim of all people who prepare budgets having regard to sensible economic policies and so on to make it as palatable as possible, that is inevitable. The other point that has been highlighted in the course of the debate is the question of the arrears which have been written off. I accept full responsibility for it but I would say that there is nothing political in it, this was an administrative decision fully supported by the Government and the judgement of what was recoverable or not was an administrative judgement. I do not say that in any way to throw the burden on the Financial and Development Secretary, I share it with all Ministers, but I think it is a statement of fact that having regard to the fact that there have been references as to people who have been given privileges and so on, there is nothing of the kind intended. Insofar as numbers are concerned they will be made available, not the people themselves but the detailed numbers of debtors and the amount that has been written off in respect of domestics and in respect of commercials and I hope Hon Members when they see that will see that there was some justification in doing it. I think I claimed in the course of interruptions kindly allowed by the Leader of the Opposition about the question of the rating system and that certainly in the present state the arrears of rates can only be recovered against the occupiers. Sometimes the owner is deemed to be the occupier and he has to pay but he is deemed to be the occupier expressly by law and I will give you an example, in the case of tenement buildings. In tenement buildings the rent is exempt from rates because the landlord is rated. In that case, if the landlord is rated and he doesn't pay the rates then the property can stand security for it but not when the beneficial occupier is the person who pays the rates. I think the question of housing has been dealt with at length and the position has been explained. The question of lack of money from ODA, of course, is very important. Their attitude is one of: "Whatever money we have to give you ought to go to infrastructure because you need it anyhow and you should decide with your own about money, if you have the money, how you should provide the housing and in what kind of way". That is a matter which makes, to some extent, sense in a condition where there is restraint in the amount of level of help that can be given but as on other occasions we will do our best to see what we can get in respect of the next development programme.

HON J BOSSANO:

If I can interrupt the Hon Member there, I don't want to stop his flow but that might be an appropriate time since he is dealing with housing to quote Question No. 94 of 1982, Mr Speaker, on the 17th March, 1982, and the answer, when I asked: "Is it Government's policy to discourage Gibraltarians from settling in Spain and commuting to work in Gibraltar?" The Hon and Learned Member answered: "The Gibraltar Government will neither discourage nor encourage Gibraltarians from settling in Spain and commuting to work in Gibraltar. The

Government considers that it is up to each individual to decide this for himself in the light of the circumstances prevailing once the frontier has been reopened and of the opportunities that might exist". Which as you will see, Mr Speaker, is almost verbatim what I said I remembered and which neither you yourself or the Hon and Learned Member could remember.

MR SPEAKER:

With respect, I think what you said is that the Chief Minister was encouraging people.

HON CHIEF MINISTER:

What is the date of the question?

HON J BOSSANO:

No, the Hansard will show, Mr Speaker, that what I said and what I have quoted is almost identical word for word, Mr Speaker.

HON CHIEF MINISTER:

March 1982?

HON J BOSSANO:

17th March, 1982.

HON CHIEF MINISTER:

That was before the partial opening of the frontier.

HON J BOSSANO:

Well, yes, I didn't say it was after.

HON CHIEF MINISTER:

Yes, I know, but I am just trying to identify the thinking. Well, I subscribe to that, of course, I subscribe to that.

HON J BOSSANO:

After I have quoted it.

HON CHIEF MINISTER:

I confirm that. I think it has another relevance. Insofar as the people have got a right to do so of course they have the right. I didn't say there that for that reason we were

not going to be involved, in fact, at that time there was no indication that the frontier was going to be opened except that at that time

HON J BOSSANO:

The indications were at that time that it was going to open in June.

HON CHIEF MINISTER:

Yes, sorry, the indications were that the frontier was going to open on the 20th April, I beg your pardon. You are asking and you know what you are asking and I have got to find out what you are asking so I have to react quickly to it. I still say that and there are no restraints and there should be no restraints on people moving. I think our attempt at providing what we have been able to provide in no way means that because we say that that is a matter for the individual to decide, that doesn't mean that we are giving up housing because we expect people to go and live in Spain.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. The context in which I ask is the context of establishing what is Government policy. If Government policy was in 1982 to neither encourage nor discourage but to leave it to the individual and the Hon Member, first of all said he hadn't said that, he had been talking about people going over there and spending all their money but now that I have jogged his memory he says it is still his policy. I was saying it in answer to what Mr Featherstone said that the argument that they would be putting would be that ODA should provide money because otherwise people would go to Spain to live. If you don't want people to go to live in Spain it is because you want to discourage them from going, you want to encourage them to stay here. If your policy is neither to encourage or discourage them you don't go to ODA and say: "Can I have money to encourage them to stay in Gibraltar".

HON CHIEF MINISTER:

Of course we can go and tell them that because the people we want to stay here are the people who are committed to Gibraltar and we have a duty to house people and I think I have said this in another context that we must have people here with a commitment here and I have also drawn attention to the dangers of a big block of people living in Spain and, in fact, we are legislating in connection with something else which the Hon Member knows about, the right to stand for election in Gibraltar and living in Gibraltar so that that is all consequent on the same policy and that in no way defers the fact that people may want to have or have a house in Spain, and that is a matter for individuals, does

not mean that we are exempt from the duty, not statutory, but from the political commitment that we have had over the years to provide housing for the people who need houses but in order to allay the problem which the Hon the Leader of the Opposition has on many occasions brought my attention to the dangers of having vast numbers of Government tenants in Government houses, we are trying now and it has caught up a little more than it did when it was originally mentioned, it has caught up now with the question of home ownership and that is why we propose this because home ownership in Gibraltar commits the people more to Gibraltar than tenancy and that is why we promote that. I cannot understand, if I may say so, although it has nothing to do with Members opposite, I cannot understand the reluctance in the United Kingdom of the Labour Party to allow Council houses to be owned by their tenants.

MR SPEAKER:

Are you going to be long?

HON CHIEF MINISTER:

No, I want to have lunch after I have finished. No, I have not got much more except to say again that I think we have had a very good bash at the estimates, that it is a pity that the last stages of the match were somewhat not typical of most of the events and one final word, it is not, and I am very surprised to hear a Socialist saying it, if the Hon Mr Feetham says that what has been achieved would have been achieved anyhow by anybody because there is a natural process, then it negatives completely the efforts of democracy and let us say that everything goes gradually because people are progressing. I think when he militated in our party he did not share that view and I am sure that he does not share it now.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I think there were three or four points which were raised by Members of the Opposition in their contributions to this debate to which I ought to reply. The Hon Juan Carlos Perez raised particularly the point about the ex-City Council properties which are not rated by law and it is true that this is so whereas new buildings which have municipal connections, which have been built recently, are rated and paid from the Crown Lands vote but no charge is made on the Fund in respect of these. I agree that this is something which we might look at again in the light of the points raised by the Hon Member and see whether the arrangement is quite as it should be, we will look into that.

HON J C PEREZ:

Could he confirm our assessment that Waterport was, in fact, rated and included in the sum of £200,000?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would have to look into that one but I will consider the whole question together, Mr Speaker. On the question of municipal debts and the write off I acknowledge the point made by the Hon Leader of the Opposition, namely, that the House was asked to vote a contribution at the last meeting and the actual write off has been less than that so that in fact the information produced in the estimates, that is to say, on page 5, overstates or I should say, the Consolidated Fund Reserves are understated by the amount by which the write off is less than the contribution, yes, I acknowledge that. I think the problem here was that the study of the write offs was obviously a continuing process and we had to meet the parliamentary time-table to the issue of the draft estimates to Members of the Opposition which was, I think at the very beginning of April and the figure which I quoted of £200,000 rather than a figure of £270,00 was one which was not firmed up until after the draft accounts had been given to the House. I think the point is that if it had affected 1985/86 we would perhaps have been under a greater obligation to the House to produce the right revised page 5 but there will of course be other revisions. It is not an unusual occurrence for the House to be asked to vote things which then do not materialise, the accounts at the end of the year are sometimes different, they usually are different from the figures included in the most recent information and then there is a revised estimate.

HON J BOSSANO:

Mr Speaker, what we have asked him to do is to tell us what the accurate figure is. He has just said £200,000 instead of £270,000, well, the money we voted did not include, for example, rates.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, that is true.

HON J BOSSANO:

What we want to know is what are the actual figures now. The accounts have now been closed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, the accounts have not been closed.

HON J BOSSANO:

I know they are not closed until the final audited accounts are out but if the Hon Member knows that the figure here is wrong then he ought to give us the right one.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, the write offs of electricity, potable water and telephones was, in fact, £150,000 and not £270,000 which was the provision made in the estimates. I was not sure that that was what the Hon Member wanted. The Chief Minister also commented on the request by the Hon Mr Perez for further information and we will endeavour to provide the information as requested by the Hon Member, namely, a breakdown of the amount in respect of each year by year for each account. We will not be able to do this for a period prior to 1979/80 simply because the information is not available for years before 1979/80, We cannot give an analysis for anything prior to that but obviously the figure after 1979/80 will be included. He has also asked me whether in the case of all debts which are written off the consumers in question have had their supply disconnected. Yes, of course, this is absolutely fundamental. They are inactive accounts and simply because an account becomes inactive it does not mean that it is written off. If the account has become inactive, that is to say the supply to the premises has ceased, the service is no longer being given, then if the bill is not settled it is subject to analysis, this is an essential feature. I think that is all I need to say on the subject of the arrears and write off of debts in reply to the Hon Members. There is one further point which was raised with me by the Hon Leader of the Opposition, namely, in connection with the Post Office Savings Bank Account. The Hon Member asked why don't we provide an estimate of the account because it is a trading fund. Well, it is certainly not a trading fund as I would understand the concept of a trading fund. The electricity and water and telephone services are not trading funds but I would think that the Post Office Savings Bank Account is more akin in concept to that of the Social Insurance and the Employment Injuries Fund in its general nature. Nevertheless, I take the Hon Member's point and I think it is one which we will consider but I would not wish that consideration be taken as in any way a recognition or acknowledgement that all various special funds such as the Employment Injuries and the Social Insurance Fund should likewise be subject to an estimate at the beginning of the year because I think they are quite different on concept from trading accounts.

HON J BOSSANO:

Surely the difference is that the other funds to which he is making reference do not involve any Government expenditure or Government revenue. The money in there is the money of the contributors to those funds and the expenditure is the expenditure paid to the beneficiaries of those funds and there is nothing in the estimates whereas here we are voting money which is expenditure made in respect of the functioning of the Post Office Savings Bank and this is why I think it is legitimate in the context of the Appropriation Bill.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I understand his point better but I do not agree with the distinction he has made because as he will be aware the House has already voted the money in respect of the management charge in respect of the Post Office Savings Bank because they are totally under the heading for the Post Office so we are in effect voting it twice. As I said, we will look into the Hon Member's request. That, I think, Mr Speaker, concludes all I need to say on this.

HON J C PEREZ:

If he is in a position to answer I might remind him that I raised an important issue in my contribution and that is the point in which in the presentation of accounts of the Funded Services because of the way they operate I suggested that we had no reserves because the unpaid bills exceeded the reserves. The other question is the one on the amortization of the desalination plant where I quoted the Hon Member in his contribution to the Finance Bill on Housing.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not sure whether the Hon Member wanted any information on the latter. I did say that we would consider the question of amortization in connection with the desalination plant, if we are talking about the same question. As regards the point he has just made and indeed has reminded me of, that he feels that the way in which the accounts of the various Funded Services are drawn up do not give an adequate indication of the finances of the fund or the amount in the reserve or they overstate the amount of the reserves, well, this is an argument which we have heard on many occasions, Mr Speaker, and I do not really think that there is anything further I have to say on that matter. I have explained in the past that the calculation of the reserves in the Consolidated Fund and the amounts owing to the Government in unpaid bills at any one point are not the only two calculations which should be taken into account in determining what the Government's liquid position is. We have debated this so many times in the past that I can only acknowledge that I have so far failed to convince the Hon Member and perhaps other Members of the Opposition, of the situation but I can assure them that although they may feel that the Government is running out of cash, I am quite confident that the Government is not running out of cash and perhaps the proof of that particular pudding if I am not mixing my metaphors, will be in the eating of it.

HON J BOSSANO:

If the Hon Member will give way. We understand perfectly what the Financial and Development Secretary is saying and we understand perfectly the change in approach by him as compared to his predecessors and, in fact, I think it was

the Hon and Learned the Chief Minister who made a reference either this year or last year, in his budget contribution to the fact that the Financial Secretary now was looking at the situation from the point of view of maintaining liquidity. I can, in fact, do another search and produce the quotation if I am required to do so, Mr Speaker. The point that we are trying to make is that since we tend to look at things over a number of years and want to compare like with like and since the situation in 1977 in terms of the presentation of accounts to the House was altered by the creation of the Funded Services in order to produce more accurate accounts for the benefit of the House and now we find that as a consequence of that the estimated Consolidated Fund Balance at the 31st March, 1985, cannot be compared with anything that existed before 1977 because before 1977 we know that it was the result of the amount collected in respect of housing, electricity, water and telephones whereas now we know that it includes amounts billed in respect of those services. We consider that today we are in a less informed position than we were then and that we were better off then in terms of information and the proof of the pudding is, can the Hon Member tell me of the figure that he has got here on page 5 of £5,125,898, how much of that consists of advances to the four Funded Accounts in respect of unpaid bills? Can he tell me how much of that £5m is unpaid bills?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I can give the Hon Member the estimate for unpaid bills, certainly. Outstanding bills at the 31st March, 1985; Electricity £1.7m; Potable Water just over £900,000 - I am just giving him round figures - Telephone that is more complicated, £900,000; Housing £300,000.

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

MR SPEAKER:

We will now recess until this afternoon at 3.15.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

HON CHIEF MINISTER:

Mr Speaker, before we go into Committee to deal with the two Bills clause by clause, I beg to move the suspension of Standing Order 19 in order to propose a motion on the remuneration payable to Mr A J Canepa. The reason why I wish to suspend Standing Orders is that when I made my statement on which there were quite a number of remarks and so on, I made that statement on advice that that was all that was required for the purpose. Subsequently, the same advice tells me that to regularise the position there must be a motion and therefore, that is why I am moving the suspension of Standing Orders.

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

HON CHIEF MINISTER:

Thank you, Mr Speaker. In my statement of the 15th January, I explained the additional work and responsibility undertaken by Mr Canepa following the changes in the assignment of business to Ministers in May last year. I went on to say that after consultation with my colleagues I had decided that his pay should be increased. The statement was followed by a discussion in which the Hon the Leader of the Opposition expressed his Party's disagreement. Although my statement of the 15th January was previously shown to those concerned, as I have said, and it was therefore my understanding that a statement was all that was required. I have now been advised that it is technically necessary to put a formal motion before the House in order to give effect of the new rates of remuneration. Provision for this increase in remuneration has been made, in the last estimates, and I therefore commend the motion to the House which reads as follows: "That this House approves that as from the 1st January, 1985, the Hon A J Canepa be entitled to receive personal remuneration of an amount which is half-way between the personal remuneration paid to the Chief Minister and that paid to a Minister, for so long as he continues to discharge the additional service and responsibility undertaken by him and described in the statement made in this House by the Chief Minister on the 15th January, 1985".

HON J BOSSANO:

I do not know, Mr Speaker, how long ago it is since the Hon and Learned the Chief Minister was advised that a motion was required. We have voted in favour of suspending Standing Orders because we support the philosophy that if something that the Government considers important should be debated in the House, if they consider it important even if they have not given the requisite notice we think it ought to be debated. This is not something that they have always been willing to do to us and I hope the fact that we have voted in favour this time will make them more amenable on other occasions to do it to us when we want to raise something without notice having been given. We are in favour, of course, of this matter being debated because when we were informed by the Hon and Learned Member in the House in the statement to which he refers, we made it clear at the time that when the time came to vote, as we believe there would have to be a vote, we thought at least there would have to be a supplementary estimate, certainly changing the amount appropriated in last year's Ordinance, we would be voting against it and, in fact, although I thought I had made our position quite clear at the time, I was totally misquoted by one particular newspaper which I hope this time will be able to get it right. The position that we have adopted, Mr Speaker, in relation to the proposal is that we do not

think it is right for the Government to create a non-existent post of Deputy Chief Minister and a non-existent salary level to go with it and make that, as it were, personal to holder. The Constitution does not provide for such a post to exist. We said and we say now, that if in fact the Government is willing to have two rates for Ministers, one for those who are full-time and one for those who are part-time, including the other three that according to the Hon Mr Canepa are full-time, I think he said this morning that there are four Ministers who are full-time, the Opposition will support it. It is nothing personal, even if it costs more money we will support it because we think that if a Member of the Government is devoting all his time to Government work then why should he not be paid more than somebody who is doing it on a part-time basis. If it is a question of work norms that the Government is beginning to apply and that is what decides the additional responsibility being taken, then I would advise them to get themselves a good union before they commit themselves into accepting work norms. I also think, quite frankly, Mr Speaker, and it is a pity that the Chief Minister did not sound me out because I do not want to say or do anything that might appear to be aimed at embarrassing Mr Canepa because that is not my intention. Obviously he is absent from the Chamber because he does not want to vote his own salary and I do not think it would be right that the motion should be carried with the votes of the two ex-officio Members. And if Mr Canepa does not vote and the two ex-officio Members abstain then the motion will not be carried there will be a tied vote. I am saying this now because certainly we will consider it politically wrong for the two ex-officio Members to take a decision like this and therefore ensure a Government majority on what is clearly a matter of political difference but I am making it clear that the door is open for the Government to increase the remuneration of Mr Canepa not on the basis that he be the Deputy because we will not support that.

HON CHIEF MINISTER:

I never said that and I explained that the last time. The statement today mentions the additional responsibilities and I said the number of Committees that he was Chairing. It is not a question of Deputy.

HON J BOSSANO:

Mr Speaker, the Hon Member said that in answer to my criticisms the last time that we were paying for the post of Deputy Chief Minister and then I said: "If it is a question of productivity". What are we talking about, that Mr Canepa is more productive within his normal eight hours of work than other Government Ministers and that therefore we pay for productivity, is that what we are saying? Either we are paying because he has got additional responsibility because he is the Deputy Chief Minister or we are paying him because he is full-time or we are paying him because he works harder than any other Minister. I am not in a position to judge

how hard other Ministers work, the Hon and Learned Member is but I am in no position to say that since we cannot judge who works more on the Government benches, why should we support a motion that is based, presumably, on the Hon and Learned Member's judgement because Mr Canepa Chairs a lot of Committees. Well, perhaps other Members of the Government, for all I know, might be quite willing to Chair some of those Committees and take some of the load off him. There is a clear criteria that I think we can support because we believe in it and that is that if a person has got an outside income, presumably he is devoting a certain amount of time to earning that outside income and consequently he is devoting less time to his Ministerial responsibilities. I think that is a clearcut criteria which we can support if different methods of payment for different Ministers are going to be introduced. How hard or how meritorious or how efficient the output of the Minister is, is a different kettle of fish. On that basis we might think none of them deserve to be paid at all. Certainly, some of the things we have had to contend with in this House would merit immediately a drop in pay. In this House alone, never mind previous performances, Mr Speaker. We all know that in every walk of life whether we are talking of Ministers or Members of the Opposition or Civil Servants or anybody else, there are people who can simply clock in, as it were, at nine o'clock and never move from the office until five o'clock and produce less in eight hours than somebody who is just in half an hour and gets a lot of work done in half an hour. We cannot tell how happy that situation is functioning on the other side of the House. All we can tell is that we will not support this, that in our view this should not be passed with the support of the ex-officio Members but that we are prepared to support a system of payment backdated to January, if the Hon Member wants to backdate it to January, for the full-time Ministers and if they tell us that there are four we will support it for the four. And if they want to make it more than what the Hon Member has suggested we would support that they get paid the same as the two ex-officio Members. If the two ex-officio Members are full-time why shouldn't a Gibraltarian merit the same level of payment if they are of equal rank? We fought a long time to remove that in the Dockyard and we certainly do not want to see it in the House of Assembly.

MR SPEAKER:

Are there any other contributors?

HON CHIEF MINISTER:

Mr Speaker, I want to refer back to what happened last time because the same fallacy or the same mistaken approach was taken by the Leader of the Opposition last time that he has taken this time. It is not because a job has been created as Deputy. In May, 1984, when I changed the assignment of business to Ministers I made a statement that in pursuance of the aim of achieving a greater degree of Ministerial co-ordination and inter-departmental efficiency, Mr Canepa would

in future undertake a general supervisory role on my behalf in relation to the activities of Government departments. I went on to say that he would in particular be responsible to me for the coordination of Ministerial policies and activities in matters affecting more than one department both on a day-to-day basis and in the preliminary detailed consultations required before policy issues are referred to Council of Ministers for decision. I said then that there was no provision in the Constitution for Deputy Chief Minister and that to all intents and purposes he would be my Deputy but that was not the reason, that was a second consideration. The new arrangement has been going on for a long while and a considerably bigger load of work and not just work but responsibility has fallen on him as a result of my decision. He is substantially, if not entirely, a full-time Minister and he does not want to be a full-time Minister even though he has no occupation. If he had another occupation I would have to consider the matter but we have not yet reached the stage of full-time Ministers. He is virtually, as everybody knows, he is not a policeman. In fact, inevitably, in every legislature, and we have done that before, we have voted our salaries in the past and in this case, as in other cases, I tried to see if it could be done by way of a consensus because that is why the thing has not been highlighted and as he was not in agreement I made the statement, the Hon Leader of the Opposition made his objections and I thought that was the end of the matter but I was advised very recently that that was not the case and that is why I have brought the motion.

Mr Speaker then put the question and on a division 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 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 A J Canepa

The motion was accordingly passed.

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, 1985, and the Appropriation (1985/86) Bill, 1985, clause by clause.

THE FINANCE BILL, 1985

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

Clause 2

HON J BOSSANO:

We were now a bit confused here, Mr Chairman, we were not sure if it was the RSPCA as a lobby and kitty-cat or the influx of tourism across all of whom are now buying sweets and chocolates and kit kats, perhaps we can know which of the two it is?

Clause 2 was agreed to and stood part of the Bill.

Clauses 3 to 6 were agreed to and stood part of the Bill.

Clause 7

HON J BOSSANO:

Clause 7, this is the one on the refund of 10%. Well, Mr Chairman, I think that very little justification has been produced by the Government for introducing this 10% reduction for owner/occupier. We have already indicated, my Hon Friend Mr Baldachino already said that we did not support this. Let me say that we have got two Members on this side of the House who are in the process of becoming owner/occupiers and who would stand to benefit and you are an owner/occupier. Having made reference to the people on this side of the House who stand to benefit, the Hon and Learned Member opposite will understand that if I now make reference to his area of the town I am doing it in the same spirit that I referred to ours.

HON CHIEF MINISTER:

As in the case of income tax we all have an interest. I don't think that it was an interest that I had to declare. Only since the 1st July last year and after living there and paying rent for 38 years I have been allowed to buy the house and if that benefits me, well, I cannot help it.

HON J BOSSANO:

Mr Chairman, the reason why I have prefaced it by reference to our side before I bring him into it is to show that there is no malice and the point that I want him to consider is that in that particular instance I think there are eighteen houses seventeen of which have been sold to sitting tenants and the eighteenth has not been sold because the sitting tenant said he could not afford it and the person who cannot afford it will be paying more rates than the seventeen who can afford it. Yes, because the seventeen are now going to get the 10% rebate on their rates and the eighteenth person who could not afford to buy will be paying more rates. Does he think that his neighbour there is going to feel that this is a fair piece of legislation because I do not think it is. I think that many people will see it as unfair because the situation is that if the Government is offering 300 flats to sitting tenants it is logical to assume that the response that they get will be from those who feel they can afford to buy and the response that they get which is negative is from those who cannot afford to buy it and those who cannot afford to buy it are going to be paying more rates and that seems to go completely contrary to the principle that the Hon Member was bringing to my attention before about the rates having nothing to do with the ownership of the property, the rates having to do with the occupancy of the property. You have got people who are occupying property and if they become the owner they pay less rates than if they are the tenants. We do not feel that this is going to produce an increase in home ownership. As I said before, and as my colleague has said, our belief is that the inducement for home ownership must be on the payment for the house, the rates ought to be related to a service that the Government is providing the occupier of the dwelling and, consequently, why should one occupier pay less for that service than another occupier because he happens to be the owner of the place that he is occupying instead of the place being owned by somebody else. It is not defensible on practical grounds of providing an economic incentive and it is certainly not defensible on moral grounds, it makes no reference to people's ability to pay, as a general rule the bigger and the more luxurious the premises the higher the rates will be because they are supposed to be by comparison to what the rents would be so consequently the more the 10% is worth. It is a regressive move, not a progressive move, and we would ask the Government to reconsider and not proceed with this in the light of the arguments we have put forward.

HON CHIEF MINISTER:

I did not think there was going to be strong opposition and I am an interested party. I would not like to support this thing but on the other hand this has been the subject matter of a number of studies and so on with home ownership encouragement and all I can say is that we will bear what the Hon Member has said in mind between now and the next meeting. I just do not want to push the thing through in the light

of those points made just regardless but on the other hand it is Government policy and we will have to pursue it. If I may just mention one point since the Hon Member has referred to that. His full argument applies in respect of the dwellings that are being put out for sale by the Government elsewhere but it certainly does not apply to the seventeen houses. Because they have bought, everybody has built more and everybody will pay more rates.

HON J BOSSANO:

If the Government is not prepared to reconsider it we will take a vote.

HON CHIEF MINISTER:

I suggest we defer consideration of this clause until later in the Committee Stage.

Clause 8

HON J BOSSANO:

The move of the Government, Mr Chairman, at this stage is clearly a belated attempt by them to put right what they have been doing wrong for a very long time and what was brought to their notice in the House of Assembly in October of last year where they were asked how they arrived at the net annual value by reference to the amount paid by tenants in Government dwellings. I was told in the House at the time that there was a deduction of one-sixth from the Government rent to arrive at the net annual value and on which subsequently rates were levied but nobody was able to explain why the one-sixth and where it came from. I brought a censure motion recently to the House because the Valuation List for 1985/86 is based on the interpretation of the Public Health Ordinance as it exists at the moment, before this amendment. Having done it already, the Government is now coming to amend the law so that the law will say what they have already done. If that is not the case why do we need to amend it? If, as the Bill brought by the Government says this will not make any difference to existing rates, why do we need to amend Section 310, or rather repeal Section 310 and substitute it by a new Section 310? Because under the existing Section 310 the Government does not have the power to do what it is doing. That is the only logical conclusion one can draw from it. Why does the Government repeal the existing law and replace it with this so that this legitimises what is being done? Because the argument that was put to the Government, which is still unanswered today, Mr Chairman, an argument put to the Financial and Development Secretary in writing in November, 1984, is still unanswered today. And it ought to be answered if the Government comes along with this because the answer was very simple. If my lay interpretation of the law, as a non-legal person, was simply to read it and say; if the law says that the rent has got to be

adjusted to arrive at the net annual value and that the adjustment that is required to the rent is related to the amount the tenant would have to pay for repairs and insurance and so forth, if he was paying it instead of his landlord, and I have got the audited accounts for 1982/83 where the rents are which are being used by the Government and I find that there is a rent-roll of £2.9m and that that includes the payment of rates of £0.8m, so I deduct that and I am left with £2.1m. I find that in those years accounts the Government spent £59,800 for insurance, that is, part of the rent went to pay the insurance, so it is logical to say that if the tenant was paying the insurance his rent would have been as much lower. I then find that the maintenance comes to £1.5m and I am left with £0.6m which is only 26% of the net rent so we find that in the relevant year which has determined the Valuation List of 1985/86, 26% increase of the rental income of Government dwellings went to pay for maintenance and other costs or rather, 26% was the residual, 74% was the amount used. Therefore, my contention in my letter to the Financial and Development Secretary last November, Mr Chairman, was to say to him: "The net annual value should therefore be 26% of the rents and not five-sixth of the rent because if it is five-sixths of the rent it assumes that the amount devoted by Government of the rental income to meet all the expenditure of maintenance is one-sixth". It may well be, and I have been assured by some people who remember the old City Council days that, in fact, that was the actual proportion in the old City Council days because the City Council on its properties, on the rental income of its properties, going back to the 1940's or the 1950's, had a ratio of something like one-sixth being the amount that was devoted to maintenance. But, of course, nobody could find the record of it or the explanation for it and since the law provides that if somebody is aggrieved at the calculations of the Valuation List and I had already made the point here as a political point, I was not saying: "I want my rate to go down". I was saying: "I think the Government is calculating the rates in a way that is in contravention of Section 310". Clearly, if the Government wants to raise £3m in rates because they think they need £3m in rates, irrespective of how it is calculated they can come to this House and increase the poundage or do anything else but then they take a political responsibility for defending why they need that poundage and why they need that money whereas, in fact, in the past whenever questions have been asked about the rates, the answer from the Government has been that this is something over which there is no Ministerial policy making involvement because it is an automatic formula used by the Valuation Officer who has got a quasi judicial function to carry out. If it is just a quasi judicial function and that quasi judicial function is being exercised in a misinterpretation of the law, I think it is very wrong to ignore the correspondence, to give me an answer which effectively sweeps the argument under the carpet, does not address itself to the argument, simply says: "Sorry, you have dealt with it wrongly because instead of saying that you were objecting to the values of all domestic properties in Gibraltar you should have said you were objecting to the value of a domestic

property occupied by you". But is my argument right or wrong? Forget whether I should have said it was about my house instead of anybody elses. What about the argument? No answer on that. After having the letter in their possession, Mr Chairman, from November, I get an answer on the 1st March which does not answer the argument but simply says that I have put the complaint wrongly by doing it on behalf of the whole of Gibraltar. Well, what am I doing here then if I am not talking about the whole of Gibraltar? This is why I brought the censure motion because I felt I had tried to do things as I always try to do, conscientiously, Mr Chairman, and I had not taken the matter up as I could have done in the Court of First Instance before the 28th February, I could have done that, because I got a letter from the Hon Financial and Development Secretary saying that the matter had been referred to the Attorney-General and that future correspondence should be addressed to the Attorney-General. I find it very odd that if I was mistaken in the way I did it in November - the Attorney-General wrote to me saying that future correspondence should be addressed to him - and I found it very odd that if it was so obvious that I had done it wrong surely it did not require an expert opinion two months later to determine that, it must have been obvious that it was wrong from day one. Apparently, between November and the time it was referred to the Hon and Learned Member, the thing must have been accepted as bona fide otherwise why refer it to the Attorney-General? And then when I get the answer back from the Hon Financial Secretary it is too late to do anything. If I had known that that was going to be the answer and it is very easy to give me a telephone call, Mr Chairman, if he is too busy to put it down in writing, I would have exercised my right or got anybody to do it. If it was a question of making a test case any single person could have done it in respect of his property using the identical argument. That would have created a problem for the Government, clearly, because then if the objection had been sustained by the Court of First Instance, the Valuation List would have had to be changed completely. But we are talking about complying with the law and the House of Assembly is now being asked to change the law to provide for the valuation to be done in the way it was done last November and the objection to the way it was done last November is still unanswered but as far as I am concerned this is the answer. The answer is that the objection was right in November because if they can do what they did without changing the law why do they need to change it, why not leave the law as it is? I will tell you why, Mr Chairman, because they know that come next November I am going to be there knocking at their door with the same objection and they know that they will lose it in November that is why this is here. We shall be voting against this, Mr Chairman.

HON CHIEF MINISTER:

I think the Hon Member is wrong in one thing, certainly in one thing and that is in saying that this was a relic of the accounting of the 1950's. This is a relic of the Sanitary

Commissioners and the City Council where that was the criteria and we have not been able to find any other criteria at all. If the Hon Member had been successful it would have been remedied ex-post facto not for the ones that would be paying, for the ones who were in time, in fact, there was one objection exactly like that by a lawyer on behalf of the property belonging to the family and when it was overruled he did not pursue it into Court so he may not have been so sure.

On a vote being taken on Clause 8 the following Hon Members voted in favour:

The Hon A J Canepa
 The Hon Major F J Dellipiani
 The Hon M K Featherstone
 The Hon Sir Joshua Hassan
 The Hon 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

Clause 8 stood part of the Bill.

Clause 9

HON J BOSSANO:

Are there any properties with a gross value below £40 and we are talking about £40 a year, no?

HON CHIEF MINISTER:

Net annual value.

HON J BOSSANO:

No, we are talking about the gross value. We are talking about a dwelling-house of a gross value not exceeding £40 now, not in 1940, that is what we are talking about. The Government brings a piece of legislation and, surely, they can explain what they are doing and why or is that too much to ask?

HON CHIEF MINISTER:

I am informed that there are a number of rooms let for which the gross value is less than £40.

HON J BOSSANO:

Then my next question is, Mr Chairman, what is the rationale of saying that in those small number of small rooms the deduction should be 20% as opposed to 16 and 2/3%.

HON CHIEF MINISTER:

I don't know, that I do not know.

HON J BOSSANO:

We are being asked to take a vote on something that makes a distinction in the deduction and nobody in the House knows why.

HON CHIEF MINISTER:

We will know in about three minutes.

HON J BOSSANO:

Let us know first and then we can decide whether we want to do it.

HON CHIEF MINISTER:

It is perpetuating the formula of the old Sanitary Commissioners and City Council days.

HON J BOSSANO:

Perpetuating a formula?

HON CHIEF MINISTER:

Which has always been in existence.

HON J BOSSANO:

But, surely, Mr Chairman, it is a fundamental principle of good legislation, I would have thought that if the Government is coming here with an amendment to the Public Health Ordinance on the basis that it has been brought to their attention that they are doing something for which there appears to be no legal authority, they just come and they perpetuate a formula that was introduced by the old Sanitary Commissioners in the days of Queen Victoria and that is enough

to legislate? Do they want to have 20% there? Do they think it is right to have 20% there? Why is everybody voting in support of something and nobody knows what it is that they are doing?

HON CHIEF MINISTER:

Of course we know what we are doing.

HON J BOSSANO:

Yes, perpetuating something that was used by the Sanitary Commissioners in the year 1890, that is what you are doing.

HON CHIEF MINISTER:

If you will allow me. What we are doing is giving a statutory form and this was explained at the last meeting, what we are doing is giving statutory form as is the case in England, to deductions which up to now have been done by custom in Gibraltar, that is all. And we are still producing exactly the same because I suppose there has not been sufficient time or there should be a review completely of this matter.

HON J BOSSANO:

The Hon Member has said that the £40 refers to the figure put in the old Landlord and Tenant Ordinance which no longer exists referring to pre-1940 properties which are rent controlled.

MR SPEAKER:

The Landlord and Tenant Ordinance still exists.

HON J BOSSANO:

Well, the new one comes into effect on the 1st July, the old one has been subjected to a moratorium for so long that it is now for all intents and purposes dead. Having kept in a moratorium for three years if it still came back it would be like Lazarus, Mr Chairman. It is still in force but Lazarus came back from the dead. I would have thought that if the Government decides that they need to do this because effectively, whether they wish to admit it or not, the way that they are calculating the net annual value is not defensible by reference to the current drafting of Section 310, at the same time they would look at what it is that exists and if they are going to introduce changes, look to see whether there is anything that needs improving. And if we are being asked in this House to vote for 20% deduction for the gross value to arrive at the net value if the place is under £40 and 16 and 2/3% if it is over £40 and the first thing is that they were not even sure until it was checked

out whether there was any place under £40, we might well have been legislating for things that do not exist. Isn't it more sensible if you are going to do a thing like this, Mr Chairman, to have one formula for property irrespective of whether it is £40 or over £40 or anything else? I would have thought so.

On a vote being taken on Clause 9 the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 9 stood part of the Bill.

Clauses 10 and 11 were agreed to and stood part of the Bill.

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

THE APPROPRIATION (1985/86) BILL, 1985

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

Schedule

Head 1 - Audit was agreed to.

Head 2 - Crown Lands

HON J BOSSANO:

Mr Chairman, I notice that we have got provision for one Rent Assessor, I think it was said that a second person, an assistant, might be needed because in the first stages they would need to do the whole of Gibraltar on their own initiative as it were. The legislation does not come in until

June this year and it has got to be done by one person, then I do not know how much he is expected to do in one week but I would have thought it would take a very long time to do 2,500 properties.

HON CHIEF MINISTER:

The Rent Assessor will not re-assess every house.

HON J BOSSANO:

This is what we have been told.

HON CHIEF MINISTER:

No, there are parameters at which the increases are made having regard to the information given by the Valuation Department and he will intervene when there is no agreement between the landlord and the tenant. He will not assess every property.

HON J L BALDACHINO:

I think that the answer we got from that side of the House some time back when we asked, was that the Rent Assessor would initially assess the rents on all private dwellings and after that he would either have to be called in by the landlord or called in by the tenant.

HON A J CANEPA:

It has been known what the provisions for the new Landlord and Tenant Ordinance were going to be in respect of the rents of private premises pre-war rent restricted. I don't think they have to wait until the law has been formally enacted in order to do whatever preliminary work needs to be done. In the event, I think representations were made by private landlords to the effect that they themselves needed some time and that is why I think the date that has been laid down is the 1st July. They consider that to be enough time to give tenants to work out the rent, I would imagine where there is some doubt in conjunction with the Rent Assessor. For instance, take the question of a bathroom. I believe that if a bathroom has been built by the tenant within the last five years, I think the rent increase is lower than if it was done more than five years ago. I would imagine that what will happen is that the landlord will give the tenant notice of the increase and if there is any doubt, if there is any quibble, there is the Rent assessor to appeal to but the Rent Assessor was appointed some time ago and I know that the Department were more ready in respect of this Section of the new Ordinance than the private landlord because the Department was not asking for a later date of introduction of those relevant sections, they would have been ready to do it much earlier.

HON J BOSSANO:

There is no reason to doubt what the Hon Member is saying but what I am saying is that we were told in answer to a question that initially the Rent Assessor would have to assess the new rents of the entire private sector, that is on record here, and that subsequently it would be at the initiative or at the request of either party, the landlord or the tenant. I certainly remember that when the original Bill was debated here in December, 1983, that point was made several times and it was conceded that in the initial stages he might need help because of the workload. If it is not required, it is not required but that is our understanding of it.

HON A J CANEPA:

I think he has been in post now for quite a few months and they have been working on it. What else does he have to do? He is the Rent assessor, there are other aspects of the Landlord and Tenant Ordinance that do not affect him. There is also, I understand, a supernumerary Executive Officer who is helping the Rent Assessor. The work has been done in advance and I am quite confident that they will be ready in July.

Head 2 - Crown Lands, was agreed to.

Head 3 - Customs

Personal Emoluments

HON J BOSSANO:

Mr Chairman, I think we would like to have clarification from the Government as to exactly what is the regime operating on our side of the land frontier. If I recall there was a statement issued by the Government after the technical talks explaining who would be allowed to bring back duty free allowances after visiting Spain and my recollection of it, I have not got a copy of it, I am afraid, but there was a press release, but my recollection and I would like to be corrected if I misunderstood anything, was that the criteria would be a 24-hour absence from the territory in line with the 1954 New York Convention on Tourist Traffic, except that people who were residents in the area would only be allowed to make use of that concession once a month so that they could not go out and come back every other day, as it were. My information is that since then de facto this has been altered and that people are being asked to pay duty if they are Gibraltarians whether they have been out for the day or a week-end or it is only once a month or whatever, they have now produced a blanket de facto instruction. I think, first of all, if there has been a change from what was made public, I think the Government has got an obligation to make the change public because why should somebody acting on public information make a purchase over there thinking it was worth

buying something because he wouldn't pay duty on it because he had been out for a week-end and the law, as he understood it, was that if he went for a week-end once a month he was allowed the concession once a month but not the rest of the month and then find when he comes back here that he is stopped and charged duty because the officer on duty had been told that that concession is now gone. I would like, first of all, confirmation of whether my understanding of what the press release said was correct and, secondly, if it has been changed why the change has not been made public so that people know where they stand because we have received complaints from people who have been told that they had to pay when they were not expecting to pay on the basis that it was their only visit once a month and that they had been out for 24 hours.

HON CHIEF MINISTER:

Certainly, there have been no instructions for an alteration of the rule that was made public and it very much fits into what the Spaniards themselves are doing which is that they are allowing bona fide visitors who are not here for 24 hours to take back their duty free allowance and allowing, as I understand it, non-frequent visitors to Gibraltar who live in the area, a free allowance once a month. It ought to be working the same way and we have given no instructions otherwise, I will inquire and tell the Hon Member.

Personal Emoluments was agreed to.

Head 3 - Customs, was agreed to.

Head 4 - (1) Education

Personal Emoluments was agreed to.

Other Charges

HON R MOR:

Mr Chairman, Subhead 5 - Books and Equipment. There has been an additional increase in that vote of £17,500. Could Government say how much of this money will account for books and equipment to be used in the College of Further Education?

HON G MASCARENHAS:

Mr Chairman, Subhead 5 - Books and Equipment, there is no element for the College of Further Education. The increase is actually for the input into computers which we shall be making this year which, I think, is very nearly £15,000 itself.

HON R MOR:

Mr Chairman, if I remember correctly, I believe the Hon Minister for Education did say that he was thinking of spending £15,000 on computers this year and £15,000 the following year. Then, in fact, what you are left with is £2,500 and would that be enough for all the schools?

HON G MASCARENHAS:

Yes, we don't have to buy books every year.

HON R MOR:

If I also remember correctly, the Hon Member did say at one stage that the equipment the College of Further Education had at present was not all that good.

HON G MASCARENHAS:

Wasn't all that good?

HON R MOR:

Yes, you did say at one stage that the equipment that was in the ex-Gibraltar and Dockyard Technical College was not all that valuable, I was at the time asking about how much the equipment would cost.

HON G MASCARENHAS:

Mr Chairman, I think that the Hon Member will find that under item 8 there is provision for equipment in the actual College itself but not under item 5.

HON R MOR:

Mr Chairman, can I now ask how the Government arrived at the figure of £69,600 for the College of Further Education?

HON G MASCARENHAS:

Yes, Mr Chairman, there is an element of books and equipment under item 8, as I said earlier, and that amounts to nearly £31,000.

HON R MOR:

So then what the Minister is saying is that that together with the adult and continuation classes makes up the £69,600, is that correct?

HON G MASCARENHAS:

Yes, except for small items like the telephone service which is included there as well, £600, and cleaning materials, £1,000. The two big items are the adult and continuation classes and the books and equipment.

HON J BOSSANO:

Are we going to get what I asked for in the general principles of the Bill? I said it was difficult for us to extract from each one the proportion due to the Technical College and that what we wanted to do was to see how the cost under the Government compares with the cost when it was partly owned and obviously the Department should be able to produce comparative figures, I would think?

HON G MASCARENHAS:

Yes, Mr Chairman, I did work out very quickly this afternoon what the total charges for the Government would be for the actual running of the College and it works out at £396,940 of which there is £23,000 which are the adult and continuation classes which before were shown differently, the figure is £396,940. The cost of the Technical College before, our contribution, was £103,400 without including the personal emoluments which have always been included in the Education Department's emoluments because we were paying the salaries of the lecturers already there.

HON J E PILCHER:

The £396,940 includes the personal emoluments.

HON G MASCARENHAS:

Yes. That is now the full Government expenditure on the College including industrials, administrative staff and equipment, etc.

HON J BOSSANO:

Would the Hon Member be able to get us a comparable figure, not necessarily now, but I think we would like to know what the cost really amounts to which is the cost as it was in 1984/85 and the cost that it is going to be in 1985/86?

HON G MASCARENHAS:

What I can tell the Hon Member, Mr Chairman, is that the 50% was a fallacy before because we were paying far more in real terms, more than 50% before so the increase is not actually 50%, what I am trying to say is that we were paying more than 50% in 1984/85.

HON R MOR:

Mr Chairman, Subhead 15 - Education of children outside Government Schools. I notice there is a big increase of nearly £22,000, can the Government explain why that is so?

HON G MASCARENHAS:

Yes, Mr Chairman, under that item, apart from the children who attend on religious grounds the two Service Children's Education Authority Schools, we have students who are sponsored in the United Kingdom, these are autistic children who we are unable to keep in our classes in Gibraltar in the Special Unit or in St Martin's and the only alternative is to send them to the United Kingdom at, I might say, a very extremely high cost. The figures for these are about £21,000.

HON R MOR:

So, in fact, under normal circumstances it would have just been an increase of £600, is that correct?

HON G MASCARENHAS:

No, Mr Chairman, there is also provision for revised fees that we expect that the Ministry of Defence will be charging us for the children already but that will be balanced up because automatically there will be increased fees for the children the Ministry of Defence will be sending to the two Comprehensives and we have made provision for that increase.

HON R MOR:

Does this figure include the children whose parents are working for Gibraltar Shiprepair Limited?

HON G MASCARENHAS:

Mr Chairman, under the Education Ordinance any resident in Gibraltar may apply purely on religious grounds for his child to go to an MOD school and the employees of Gibraltar Shiprepair if they are resident in Gibraltar, and we are talking about at least a period of three or four years, may opt to send their children purely on religious grounds. We cannot discriminate against those people.

HON J BOSSANO:

Aren't these people contract workers brought out by the company, that is to say, they are expatriates. Is the Minister then saying that, for example, an MOD expatriate who is really in the same situation becomes a liability to us? Surely not, the MOD expatriate is provided for schools by the employer who is the MOD. If GSL is paying for these people to have

an overseas allowance and GSL is paying their accommodation and, in fact, if I remember correctly Appledore's advertisements when they were recruiting people for GSL was promising them that they would get education paid for in UK. Surely, the liability is on the employer. Unless the Hon Member is telling me that we are talking about all GSL's Church of England employees irrespective of whether they are locally-entered or UK-based.

HON G MASCARENHAS:

Including those.

HON J BOSSANO:

I think the Hon Member may find that the people who are aware of this and possibly making use of it are those who are the expatriate managers. I think he may find he may have to pay for many more once the word gets round that that is available to all.

HON G MASCARENHAS:

Mr Chairman, Government is quite aware of the position there. We have got a limit to the number of children that can be subsidised. The figure is 90, actually. The actual number there now, I believe is 89 so we are within the figure but the policy of the Government is that anyone who is going to be temporarily resident in Gibraltar should not deprive anybody who is normally resident we know is Church of England in Gibraltar and has lived in Gibraltar for a number of years. We do not want to deprive, obviously, because if we allow a contract person to be able to send his child for the two years that he is here what will happen is that over a period of four years the local child will have to go on to a waiting list and perhaps he will miss at least one year in that school. The intention behind the Education Department is if you want to go to the MOD schools you should go to the MOD schools and complete the four years there so that the child is not disturbed in his studies, that is the policy of the Government and within that I think we cannot discriminate on the basis of allowances. I can assure the Hon Member that we even ask for baptismal certificates before we even start to consider it. The Department is quite strict in this respect.

HON J BOSSANO:

Mr Chairman, the Minister said in relation to the Technical College that the £103,000 was not in fact 50%, as I understood him, it was more than that because we paid for the personal emoluments of the nineteen on the establishment in 1984/85 which is shown on page 31, am I right?

HON G MASCARENHAS:

Yes.

HON J BOSSANO:

Didn't the Department get reimbursed 50% of the cost of the nineteen?

HON G MASCARENHAS:

Mr Chairman, I have to be quite honest, I think the Hon Member has got me there. I always believed that we paid the 50% to them and not them to us. I believe that since the intention of the Government was to take over, the staff there since then have been on our pay, at least the Principal has, but I would have to check on the rest of the members of the staff. I was always under the impression that the personal emoluments of the eighteen, without including the Principal because the Principal is Department of Education employed even though he was under the auspices of the Ministry of Defence, the other eighteen I believe were paid by us and whether we were reimbursed by them I would have to check that for you.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 4 - (2) Sport was agreed to.

Head 5 - Electricity Undertaking

Personal Emoluments

HON J BOSSANO:

I would like to know, Mr Chairman, on personal emoluments, we are providing for fifteen PTO IV's, page 35, scale 82, and there is a little (b) that says: 'Three posts are held by officers on Scale 66 on a personal basis' which is PTO III. Can the Minister give me an explanation for that situation?

MR SPEAKER:

Is the Minister going to provide the answer?

HON J B PEREZ:

I will provide the answer in a minute, Mr Chairman.

MR SPEAKER:

Are there any other questions on personal emoluments?

HON J B PEREZ:

I will provide the Member with the answer.

MR SPEAKER:

We will come back to personal emoluments.

Other Charges

HON J C PEREZ:

Mr Chairman, could the Hon Member opposite explain why under Subhead 22 they are going to need £50,000 less under Distribution Service?

HON J B PEREZ:

Mr Chairman, it is not the case that we are providing less because what is happening this year is that part of the wages of the men in connection with the distribution is under the Improvement and Development Fund. On the contrary, there is an increase.

Other Charges was agreed to.

Special Expenditure

HON J C PEREZ:

Mr Chairman, on the Consultancy Service, could I ask the Hon Member opposite, it is Subhead 80, what the Consultancy Service is all about and why is there an increase of £3,000 in this year's estimates?

HON J B PEREZ:

Primarily, there are two items which arise under the figure of £7,000, the main one being the remuneration to the Chairman of the Work Council which was recently appointed and there is also a token provision of £1,000 for the productivity proposals although the bulk of the money in connection with the DEI project, will in fact come under the Improvement and Development Fund.

HON J BOSSANO:

I take it that we are not talking about any consultants from UK.

HON J B PEREZ:

No, it is Mr Maskey who was appointed Chairman of the Works Council following consultation with the unions.

Special Expenditure was agreed to.

HON J B PEREZ:

Are you waiting for me, Sir?

MR SPEAKER:

Yes, we are waiting for you.

HON J B PEREZ:

Yes, I have the answer for Mr Bossano. This arises out of the question he asked about the three personal to holder posts. The information I have just been given is that this arose from the Steering Committee negotiations in which there was a change from PTO III to PTO IV but three persons, in fact, remained at King's Bastion and, therefore, they were left at PTO III level on a personal to holder basis.

HON J BOSSANO:

Is the Minister aware whether there is any problem as a result of the change?

HON J B PEREZ:

The Minister is not aware but if the Hon Member is aware of any problems I would be grateful if he told me.

HON J BOSSANO:

Is he not aware that, in fact, the PTO IV's on shift, as compared to the three PTO III's on shift, have got a claim put in November of last year for PTO III and that there is notice of industrial action that expires tomorrow and that he may be facing industrial action in that area on Monday which will not be at the drop of a hat because the claim is from last November.

HON J B PEREZ:

Mr Chairman, I was not aware and I will most certainly look into this.

Personal Emoluments was agreed to.

Head 6 - Fire Service was agreed to.

Head 7 - Governor's Office

HON J BOSSANO:

I notice that the telephone bill in the Governor's Office keeps on going up even after the elections. The last time

we were given to understand that perhaps the dramatic events of election night had something to do with the telephone bill but it still seems to be going up.

Head 7 - Governor's Office was agreed to.

Head 8 - House of Assembly

Personal Emoluments

HON J BOSSANO:

I take it on Personal Emoluments, House of Assembly, provision is being made for the motion that has just been passed with respect to Mr Canepa's salary, is it included there?

HON CHIEF MINISTER:

As from this year, yes.

HON J BOSSANO:

And in the revised estimates for 1984/85?

HON CHIEF MINISTER:

It is only £2,000-odd in the whole year. This reflects the increase which is linked up to the increase in the general review of salaries.

Personal Emoluments was agreed to.

Head 8 - House of Assembly was agreed to.

Head 9 - Housing was agreed to.

Head 10 - Income Tax Office was agreed to.

Head 11 - Judicial was agreed to.

Head 12 - Labour and Social Security

Personal Emoluments

HON M A FEETHAM:

Mr Chairman, could I just ask a question? Could the Minister confirm that they are supplying information to their counterparts in Spain as regards the vacancies available in Gibraltar in the employment field?

HON DR R G VALARINO:

Yes, Mr Chairman, we are, in fact, telling our Spanish counterparts about some of the vacancies that have arisen in Gibraltar.

HON M A FEETHAM:

Is the Minister aware that the policy up to now has been that the Department has not made available such information in Gibraltar to the unemployed and it has not been the policy of the Department to do that?

HON DR R G VALARINO:

Mr Chairman, I certainly do not see any reason why the unemployed should be given such notice, this is beyond my comprehension. We give Gibraltarians the first opportunity for jobs. I do not see why this arises out of your question.

HON M A FEETHAM:

You are deviating from the point I am making. It has been the policy of the Department, has it not, that when you go for a job you are given a blue card when you are sent to a prospective employer? It has not been the policy of the Department to have a notice board showing all the jobs that are available so that somebody can go directly for a job. Are you now saying that you are passing that information to your counterparts in Spain and if that is the case are you not, therefore, giving the advantage to the unemployed on the other side to go directly to a job in Gibraltar?

HON DR R G VALARINO:

Let me explain, Mr Chairman, what we do. We advertise a job in the Labour Department for a minimum of two weeks, usually longer than that.

HON J BOSSANO:

What does the Hon Member ^{mean} by advertising the job? When he says he advertises it for two weeks in the Labour Department what does he mean? Does he mean that if I go now to the Labour Department I can see there an advertisement with all the jobs or does he mean that I stand in the queue and when I get to the counter if the girl behind the counter feels that I am suitable she tells me about the job and if she feels that I am not suitable she does not tell me about the job because I have actually been through the experience at this side of the counter?

HON DR R G VALARINO:

Mr Chairman, the jobs are there. People have only got to ask for a certain job. Whether the Leader of the Opposition wants to go there and find a job, good luck to him.

HON J BOSSANO:

Mr Chairman, the Hon Member may not have had the problems that I have had in 1972 in finding employment. He has got his own private practice which he can obviously fall back on. I can tell him that I have experienced being treated by the Labour Department as unemployed and other Members on this side of the House have and the situation is that you queue there and you don't know what jobs there are and you have got no way of knowing unless they think you are a suitable person. And the position of this Department consistently has been that it would not be desirable, and the Department has refused to do this, to have a list of vacancies put up so that anybody can walk into that Department and see the vacancy and try for himself. If that is now the case in La Linea then, presumably, people in Gibraltar will have to go to La Linea to find out what vacancies there are in Gibraltar and I can tell him that today we have had about twenty people calling at Transport House, mistaking it for the Labour Exchange, as a result of the advertisement he is putting over there.

HON CHIEF MINISTER:

Mr Chairman, is the Hon Mr Feetham saying that in the Labour Exchange in the United Kingdom the jobs are advertised? I do not see any reason why we should not do the same.

HON J BOSSANO:

I think, Mr Chairman, the argument that has been used by the Department and which has been accepted by the Trade Union Movement that put that proposal up, was that because the Department gives priority of employment to local people the Department argued that if they put the advertisement up and a non-Gibraltarian went for the job and then the non-Gibraltarian came back and the Department had to refuse the permit, it would be an embarrassing situation that might cause conflict. That makes sense and that was accepted but it does not make sense if one finds, as we have found today, that a lot of Spaniards are coming to the union thinking the union is the Labour Exchange as a result of the advertisement they have seen in La Linea which does not exist here because we have accepted that the argument makes sense. That does not make sense.

HON CHIEF MINISTER:

On the other hand it makes sense. It makes sense that if there are any vacancies that they should be told rather than have people going from house to house looking for jobs.

HON J BOSSANO:

I think there is an important matter of policy involved. Under EEC requirements, which we have never complied with, the process of informing other EEC nationals has never been done. We have never told the Labour Exchange in UK that there are certain jobs in Gibraltar if any UK people want to come. If we are providing vacancies through the official employment services in Spain, that is a major policy which I think we would like to see debated. We found out by accident, Mr Chairman.

HON M A FEETHAM:

The Minister will recall that following a statement in the press which was attributed to his Department, I wrote to him and asked him whether it was his policy to pass on information about vacancies and the general employment situation in Gibraltar to his counterpart in Spain, at what level, and what was the arrangement that had been agreed. He denied it and he said that it was not the policy of his Department.

HON J BOSSANO:

Mr Chairman, if we have asked and we have been given a letter by the Minister saying that it is not the policy, six weeks ago, and the policy has changed, we should not have to find out by accident. The Minister should have said to us that the information he had given was no longer correct and that a new policy had now been introduced and he might have found himself having to face a motion here asking him to explain the new policy.

HON M A FEETHAM:

Since this seems to be a matter of reciprocity are you publishing in your Department the vacancies available in Spain?

HON CHIEF MINISTER:

There is certainly no obligation now under the European Communities (Amendment) Ordinance to publish them in the Labour Exchange, it is subject to the derogations.

HON J BOSSANO:

We were given a whole range of very sound reasons for the Department keeping the numbers of jobs to itself and the information has been made available to people in the Manpower Planning Committee and so on but they are not made available to anybody who walks in who may be working, for example. At the moment, not only is there preference given to Gibraltarians, Mr Chairman, in fact, there is preference given to people who are unemployed because they are sent

with the blue card whereas there are people who are working who don't know of those vacancies but who might want one of those jobs because it was better than the job that they had so, in fact, the situation that exists at the moment has been defended on the basis that it is intended to maximise the chances of getting employed, of the people we have got here registered unemployed, drawing unemployment benefits and particularly Gibraltarians. If there is a Government office in La Linea and one in Algeciras, as I have been told today, with the vacancies in Gibraltar plainly visible for all to see, clearly, this is a fundamental contradiction with the policy we have been pursuing here because otherwise the logic of it is that all the people who cannot find out what jobs there are by going down to our local Exchange should go down to the one in La Linea to find out what the jobs are.

HON DR R G VALARINO:

I take the point of the Hon Member. The vacancies are advertised verbally in our office, as far as employment is concerned, every week. Nevertheless, as the Hon Member has suggested, we will set up a notice board in our own Labour Exchange.

HON J BOSSANO:

I don't think the Hon Member has understood. I am not suggesting, I am saying to him the proposal has been put forward many, many times and the arguments that have been put against it have been persuasive arguments. The reason why the notice-board does not exist in the Labour Exchange is for the reasons that I have explained which are not the reasons of the trade union side. The Director of Labour has produced sound reasons and it makes sense. It makes sense that if you have got a situation where the vacancies are there (a) anybody who is employed elsewhere can simply pop in and look at the vacancies, (b) non-EEC nationals or non-Gibraltarians can go there and then come back and I think they would feel a sense of grievance that having gone to the job and been seen by the employer and been offered the employment, then come back and the Labour Exchange says: "No, you cannot have the job because in order to have the job you have to come here and ask for a blue card and we have to send you". If those arguments are sound arguments and they avoid a certain amount of conflict, then what is wrong is not what is being done here today which is what has been done here for the last ten years, what is being done, next door is what is wrong because that is creating the anomaly and I am not asking him to put the board there now because it is in Spain. If the argument was not valid the fact that they are doing it in Spain doesn't make it valid any more so I don't need to be pleased by putting the board there but I am telling him that I think it is completely wrong to have allowed this situation to develop on the other side as it has and that something ought to be

done to correct what is going on on the other side not the way we are doing it here which has worked well for many years and which could lead to problems if they do it the other way. If they then get somebody who has been offered a job by an employer and when he gets to the Labour Exchange the Director of Labour in the exercise which functions under the law has to say: "I am sorry, I cannot give the employee the work permit because since you have been and gone somebody has come here and registered and he has got to have priority".

HON DR R G VALARINO:

Mr Chairman, we will look at that. The only thing I would like to say is that the fact that we let know about possible jobs here that we cannot fill with Gibraltarians or other EEC labour is essentially to avoid thousands of people coming from across the frontier to look for work here but I will look into the point made by the Hon Gentleman.

Personal Emoluments was agreed to.

Other Charges

HON R MOR:

Mr Chairman, under Subhead 13 - Supplementary Benefits. Can the Hon Minister explain the £108,200 required for this?

HON DR R G VALARINO:

The increase in supplementary benefits is based on the usual 5% that we put on every year and that gives that figure.

HON R MOR:

Mr Chairman, the amount of £108,000 over last year's approved estimate would work out to something in the region of 20%.

HON DR R G VALARINO:

Look at the revised figure, please.

HON J BOSSANO:

On Elderly Persons Pensions I asked whether we were going to be given an explanation on how the people entitled to the payment that we are voting are going to be identified, Mr Chairman.

HON DR R G VALARINO:

Mr Chairman, the criteria was asked for by the Hon Gentleman previously. For the criteria to be observed a person must be resident in Gibraltar when he reaches the age of 65 and

he must have been resident for ten years out of the past twenty, will not be a contributor to the Social Insurance Scheme and does not receive any benefits from the Social Insurance Fund.

HON J BOSSANO:

And there is no nationality qualification?

HON DR R G VALARINO:

I said resident in Gibraltar.

HON J BOSSANO:

I know what he said, I am asking him because I want him to give me an answer so that this is on record. I don't ask questions for no reason, you ought to know that by now. Will a person who is residing in the neighbouring town as a result of the frontier opening, which may well happen, continue to receive elderly persons pension or will he lose it?

MR SPEAKER:

You mean once he has qualified?

HON J BOSSANO:

Once he has qualified. We have got a situation which is different, Mr Chairman, in Gibraltar today and these estimates are supposed to be the Government's catching up with the difference. One of the differences is that we have now got a completely normal frontier and that there are people living in Gibraltar who may choose to live over there. Does a person who lives in Gibraltar today who is a recipient of elderly persons pension lose his entitlement to it if he takes up residence in La Linea?

HON DR R G VALARINO:

Mr Chairman, Sir, I very much doubt whether he will lose the EPP but I am not sure of the facts and I will let the Hon Member know as soon as I check the facts, probably it will be either today or tomorrow.

HON J BOSSANO:

Can I ask him what is the position with regard to retirement pensions?

HON DR R G VALARINO:

Yes, Sir, this is an old throw-back from previous times. Let me tell the Hon Member that there are 47 cases at £32.60, one case of £16.40 and then multiply it by 52 and that will give the figure he requires about retirement pensions.

HON J BOSSANO:

I know very well, Mr Chairman; where this comes from, what I want to know is since we are now voting £79,000 to give retirement pensions to an unknown group of persons now that there is no longer a piece of legislation authorising that payment or identifying the recipients, I want to know who is entitled to a retirement pension and what is the criteria for eligibility, that is what I want to know. We are voting the money and we ought to know who can claim it.

HON DR R G VALARINO:

Mr Chairman, Sir, there have been no new applications for five years for retirement pensions.

HON J BOSSANO:

The Hon Member may not be aware of it but for the last five years there has been a law which he repealed two months ago.

HON DR R G VALARINO:

Mr Chairman, I certainly repealed the law some time ago but what I did was to put the elderly persons pension and the retirement pension away from the contributions of the social insurance so that they would come directly out of the Consolidated Fund. Therefore, it will apply only to Gibraltarians and not to anybody else.

HON J BOSSANO:

I am sorry, Mr Chairman, the House of Assembly is being asked to vote £79,000 for retirement pensions. I know that this is in lieu of the £80,000 we voted last year but last year there was a law which said who was entitled and who was not, entitled to claim that, now there is no law. If the Government of Gibraltar is now applying a set of criteria to the payment of these pensions, I want those criteria stated here so that they are recorded in Hansard because I don't think they know what they are doing and I don't think they are doing it properly but I want it said so that it is on record.

HON CHIEF MINISTER:

When the law was repealed wasn't the rights of people preserved and is that not why there have been no new applicants for the last five years?

HON J BOSSANO:

No, the Hon and Learned Member is wrong. The rights of people was not preserved, the Government said it was their intention to preserve it but having repealed the law there is no law. They have repealed the law that existed and now there is no law, in fact, they amended the law first, having amended it they repealed it, they were on the point of repealing it before the amendments came into effect and they discovered it in time because we pointed it out to them and then they amended the law so that the first amendments could come into effect and then they repealed the law. Now there is no law that establishes a right to retirement pension and there is no law that establishes a right to elderly persons pension. We in the House of Assembly are paying those pensions under the authority of the Appropriation Bill so the legal authority for the disbursements of public monies will now be the Appropriation Bill. I think that if we are appropriating public funds we are entitled to know what is the criteria which will establish eligibility to a claim on those public funds and that that criteria should be explained by the Minister who is coming to the House asking for the funds and that it should be explained and recorded in Hansard.

HON DR R G VALARINO:

Mr Chairman, the criteria has been the same all along. I see no purpose in again restating the criteria. What I must restate is that both the retirement pension and the elderly persons pension is a commitment by Government which will be paid out.

HON J BOSSANO:

Mr Chairman, I think the Hon Member doesn't know what he is talking about which is not an infrequent experience in this House of Assembly and he is trying to camouflage his ignorance by repeating himself and it will not do and he ought to know it will not do because I have not let him get away with it before. The criteria that existed under the old law was related to contributions, the old law no longer exists so I am entitled, Mr Chairman, before I give my vote to pay £79,000 in retirement pensions to find out from him who is the Minister responsible, how his Department proposes to grant retirement pensions to people who may apply for them or people who may have been entitled to them under the Ordinance that no longer exists. It is a perfectly normal parliamentary practice, I am not asking for the moon. All we are asking is: "You want £79,000 for retirement pensions, right, we want to know how entitlement is going to be established now that the law that used to define entitlement no longer exists".

HON CHIEF MINISTER:

I think I may be able to help the Hon Member. Obviously if the law is not there that is why authority is being sought and that is why no new people have been taken in and that is why what is being done is to preserve the rights and that is why there have been no applicants for five years because it doesn't exist. The criteria is the same.

HON J BOSSANO:

No, the Hon and Learned Member is incorrect, Mr Chairman, because the fact that nobody was able to apply for the last five years was because there were conditions laid down in a law which if somebody had gone and applied the Department could have said: "No, you are not getting a retirement pension because you don't fulfil the requirements". If I send somebody along to the Department in a month's time saying: "I want to apply for a retirement pension", what answer does he get?

HON CHIEF MINISTER:

That he is not entitled to it.

HON J BOSSANO:

On what basis is he not entitled to it? I want to know what is required to become entitled or what is required to be refused entitlement?

HON A J CANEPA:

I think that under the old Ordinance what was required was that people should have paid 250 contributions between 1955 and 1960. These were people who when the Social Insurance Scheme started in 1965 were already too old to be able to accumulate the 500 contributions. There were two conditions. One was that you should have a minimum of 500 contributions and, secondly, that you should have an average of not less than 13. People who were already too old when the Scheme started could not accumulate 500 contributions and therefore transitional provisions were made whereby with 250 contributions, five years, they could qualify. I doubt if there is anybody alive today anywhere in the world, having left Gibraltar, let us say, in the 1960's who could come back and claim, I don't think so. I don't think there is anybody who could go along to the Labour Department and say: "I wish to apply for a retirement pension". I don't think such people exist but those are the conditions that were enshrined in the law. The law having been repealed there is now no statutory basis on which to pay these so-called retirement pensions. They are being paid following a policy decision of the Government that those people who were formerly getting the pension should now continue to get a similar amount under the Supplementary Benefits Scheme.

HON J BOSSANO:

So therefore what you are saying is, Mr Chairman, the Government is not prepared to say that the people who are entitled to retirement pensions are people who have made a certain amount of contributions between certain dates. We are voting money to pay retirement pensions to people who on the 31st December, 1984, were in receipt of retirement pensions under the law that no longer exists and nobody else.

HON A J CANEPA:

Let us assume that I am wrong and someone aged 85 or 90 comes along to the offices of the Department of Labour and says: "I want to apply for a retirement pension". They will be told: "You cannot because the law has been repealed". "But isn't the Government saying that my rights are being preserved because there is a category of persons receiving a similar sum of money under the Supplementary Benefits Scheme. I would like to apply under the provisions of this Scheme for the pension that would otherwise have been due to me now if the law had not been repealed". I think what the Department would then do would be to consider the insurance records and find out whether this individual did accumulate 250 contributions between 1955 and 1960. If he did then, in my view, the Department have a moral obligation to pay that individual whatever the benefit is that he would have got as a retirement pensioner. This is a hypothetical thing.

HON J BOSSANO:

Whether it is a hypothetical or it is not a hypothetical situation will remain to be seen once the applications come through or don't come through. The Hon Member seems to forget that there are a number of people who contributed to the Scheme and who left Gibraltar when the frontier was closed. Some of them may be in the category here rather than in the category of those who become entitled to a social insurance pension. Surely, that is understood.

HON A J CANEPA:

The Hon Member is saying, are there former Spanish workers who contributed between 1955 and 1960. But, no, because by the time that they were withdrawn from Gibraltar in 1969 they were already aged over 65 and therefore they would have been entitled to a conditional retirement pension under the provisions of the Ordinance. This is the point, that these people were already aged 60 in 1955. Five years later, when benefits were paid, not out of the Social Insurance Fund because the Social Insurance Fund had not built up enough, but out of revenue, five years later these people were already aged over 65. It could happen that someone could have left in 1960 without having applied, gone somewhere and now returned. We could have a Spaniard, yes, it could be a

Spaniard, it could be a Gibraltarian, it could be anybody but that is very unlikely. We are now 25 years later, we are talking of people who were aged 65 in 1960, 25 years later they are 90.

HON J BOSSANO:

Then all that was needed was for the Hon Member to tell me ten minutes ago the criteria that they were applying.

HON A J CANEPA:

But the Hon Dr Valarino has been Minister for Labour for a year and this is something that you learn after you have been there for ten years.

HON J BOSSANO:

Well, I haven't been Minister for Labour at all, Mr Chairman.

HON A J CANEPA:

But you have been at it for a long time. You have been a Member of the House for a long time, it is an area which the Hon Member has a great interest in and he has picked up all this information over a period of time. I doubt whether apart from him and myself and perhaps Major Dellipiani, any other Member of this House or anybody who hasn't been either a Director of Labour and Social Security or a Social Insurance Officer, knows a great deal about these matters because they are very complex.

Other Charges was agreed to.

Special Expenditure was agreed to.

The House recessed at 5.35 pm.

The House resumed at 6.05 pm.

Head 13 - Law Officers

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, I know that we are making provision for a law draftsman. Can we expect some more encouraging results in 1985/86 than we have been used to until now?

HON ATTORNEY-GENERAL:

Mr Chairman, I sincerely hope so. We have interviewed two candidates. We have chosen one of them and we have put forward an offer to one of these candidates and it is now a question of negotiating the terms of the contract. The latest information I have is that the law draftsman will be here mid-June. Originally he was going to be here at the beginning of May, the latest is in mid-June so I am still hopeful that mid-June will be the date and that the man will finally accept the terms and conditions which we have offered him.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 14 - Medical and Health Services

Personal Emoluments

HON MISS M I MONTEGIRFFO:

Mr Chairman, I would like to make two points under this heading. The first is in connection with the post of one Mental Welfare Officer. We would like to know whether in view of the growth in the workload of the last three years whether the Government has any plans to increase this post of one Mental Welfare Officer. There is one post of one Mental Welfare Officer in the estimates.

HON M K FEATHERSTONE:

One, yes.

HON MISS M I MONTEGRIFFO:

We would like to know whether in view of the increase in growth in the past few years the Government has any plans to increase this post.

HON M K FEATHERSTONE:

We will look at it throughout the year. There are two or three instances where I have had representations made to me that we need some extra staff but by the time the estimates were coming to be prepared we had not got through to the stage of preparing papers for Council of Ministers to discuss it. It will be discussed during the year.

HON MISS M I MONTEGRIFFO:

Mr Chairman, the second point relates to the Dental Clinic Assistant. Here we have a situation where the Government for a number of years now keeps showing in the estimates

only one where in actual fact there are two Dental Clinic Assistants working at the Health Centre. They are drawing the extra one from the junior nursing staff complement but the House nevertheless does keep voting for one. The Nurses' Union were promised about three years ago that this anomaly would be corrected and that a further junior nurse would be employed to make up the complement of 194. Therefore, because the situation in the new estimates remains the same we want to know whether the Government is prepared to correct the anomaly?

HON M K FEATHERSTONE:

I shall look at that at the same time.

Personal Emoluments was agreed to.

Other Charges

HON MISS M I MONTEGRIFFO:

Mr Chairman, on the subject of electricity and water, can the Government explain why they expect a decrease of £5,000?

HON M K FEATHERSTONE:

It is simply based on this year's consumption.

HON MISS M I MONTEGRIFFO:

Is the consumption going to be lower?

HON M K FEATHERSTONE:

Yes, it has been less.

HON MISS M I MONTEGRIFFO:

Well, Mr Chairman, under Subhead 23, Specialist treatment of patients outside Government Hospitals. Can they give a reason why there is only an estimated figure of £42,000 when the revised figure for 1984/85 was £161,700? Can the Minister confirm whether this is only a token figure and that he will be asking for more money to be voted in the House when patients are required to be sent to UK so that nobody is deprived of specialist treatment?

HON M K FEATHERSTONE:

The revised estimate is so high because we had the backlog of three year's bills coming through from the different departments in England where we had sent people. Now they are charging us on an almost immediate basis so that we know exactly where we are but before the charges came from the

Hospital to the Department of Health and Social Security who then sent the bills to us and we did not get the bills for about three years and they all came through at once. That is why it was so high.

HON J L BALDACHINO:

Mr Chairman, seeing that the Minister said under Subhead 4 that they were estimating less for this coming year than what they had spent in the past year can the Minister say why does he expect consumption to be less?

MR SPEAKER:

You are being asked why is there now less consumption.

HON M K FEATHERSTONE:

It is simply based on the statistics that they take from month to month.

HON J. BOSSANO:

I find it difficult to understand. We have actual expenditure of £143,000 in 1983/84 and the revised estimate shows that there was less consumption than what was predicted a year ago but why should they expect the consumption to continue declining? We are not providing the same as we have just finished consuming, we are providing £5,000 less for the next twelve months so it cannot be based on consumption until now, we are predicting, in fact, a further decline in the next twelve months.

HON M K FEATHERSTONE:

I simply have here reductions for both electricity and water £9,000 based on current trends. That is as far as I can go.

HON J BOSSANO:

I don't know whether the Hon Member is aware that there has been some friction in the area of electricity precisely because somebody from the administration has gone round switching off all the lights at night, presumably, in order to produce a lower figure and there has already been some friction in that area. He might care to investigate it because if the estimate has been produced on the assumption that there is going to be less consumption of electricity because people have been told that they have got to switch everything off, for example, there was an incident about a month ago, I think, in Casualty where the place was in total darkness and somebody came in and was about to go away because they did not know whether they were open for business or not.

Other Charges was agreed to.

Special Expenditure

HON M K FEATHERSTONE:

Sir, I would just like to make a small comment here. Item 81 states Emergency Generator. That is not quite accurate, it is actually an inter-connector with the MOD electricity supply. It will mean that should there be a sudden power failure, automatically it will switch over to the MOD supply and the Hospital would not suffer any blackout.

HON MISS M I MONTEGRIFFO:

The Minister is talking about St Bernard's Hospital I take it?

HON M K FEATHERSTONE:

St Bernard's Hospital, yes.

Special Expenditure was agreed to.

Head 15 - Police

Personal Emoluments

HON J BOSSANO:

I think the Government informed the House at one stage that the process of looking at possible areas of civilianisation in the sense that members of the Force were not on strictly police duties, for example, doing clerical duties or mechanical duties or whatever, the Government was looking at possibilities of replacing them by people employed to do that particular job if in fact it was a job that was taking up all the time and I think they told the House, Mr Chairman, the last time that the process was not over that, in fact, the thing was still being looked at. Can we be told what is the current position on that, is it still being looked at?

HON ATTORNEY-GENERAL:

I believe that some recent proposals have been made about the civilianisation of the Immigration Department and those proposals are being studied. I am instructed that there are ten or eleven civilians working actually in the Police Department. The proposals with regard to the Immigration Department are still being studied.

HON CHIEF MINISTER:

I think there were originally four or five posts and two only have been done. If you notice that there has been no increase in the number of policemen and their increase in overtime

is very small, it shows you that it must be that they are all busily engaged in policing and they have not been able to do that.

HON J E PILCHER:

The police have a maintenance unit for their own cars. That is run by the Police Department themselves and I cannot see anywhere that they are catering for mechanics.

HON H J ZAMMITT:

I think that is under Other Charges - Subhead 15.

Personal Emoluments was agreed to.

Other Charges

HON J E PILCHER:

Mr Chairman, are the wages of the mechanics included under Subhead 15 or are they included under the estimates for Police in the emoluments?

HON H J ZAMMITT:

Under the emoluments you see that they are all police and non-industrials and under Subhead 15 I think you will find mechanics, a handyman and other industrials.

HON J L BALDACHINO:

Let me see if I am correct in what the Hon Member is saying. Before it used to be a policeman who used to be the mechanic now it is not so, now it is an industrial who does the work for the police. That is right, is it?

HON H J ZAMMITT:

I know that there is a civilian, a retired officer, and there are constables that also help in the garage.

HON J BOSSANO:

Are we providing for the wages of a mechanic in 1985/86 where previously the job was done by somebody who was a policeman full-time doing the job of a mechanic, that is the question.

HON H J ZAMMITT:

I would say yes, Mr Chairman.

HON ATTORNEY-GENERAL:

Subhead 15 refers to the wages for industrial cleaners. It is three charwomen, one male cleaner, provision for overtime, provision for four week's annual leave, provision for four week's sick leave.

HON J BOSSANO:

And they are servicing the cars?

HON J E PILCHER:

I take it that it is policemen who are actually doing the work of mechanics?

HON ATTORNEY-GENERAL:

Item 3 refers to the Maintenance and Running Expenses of Vehicles.

MR SPEAKER: .

You are being asked whether there is an element of wages for mechanics in that Subhead.

HON ATTORNEY-GENERAL:

No, there isn't. £1,000 is paid for the Ford vans, the personnel carrier; Rock Motors are paid £2,000 for the two Mazda cars and Bassadone is paid £3,000 for three Toyota cars. Then there is the licensing renewal and certificates of competence £860; spares and the petrol and oil are included in that figure.

HON CHIEF MINISTER:

It is obvious that the policemen are doing it.

HON J E. PILCHER:

Then we come back to the initial question from the Hon Leader of the Opposition, are we going to civilianise?

HON CHIEF MINISTER:

When the Leader of the Opposition spoke about civilianising I was thinking in terms of office work. What I think has happened on occasions, I don't know whether it has happened now, I don't know whether they re-employ them as wage earners or not but those who are mechanics who have been doing it for a while carry on doing it after their term as policemen.

HON ATTORNEY-GENERAL:

On item 4 there is one police mechanic who does the boats and I am told he also does the motor vehicles as well.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 16 - Port

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Could I ask, Mr Chairman, will the provision for minor works include the commitment that there is to do some work on the landing stage which was a matter brought up recently and there was a commitment given that the work would be done in the next financial year?

HON A J CANEPA:

When the Captain of the Port submitted his request for minor works, I asked that he should give priority to that item because anything that can involve safety, an accident, one would be very concerned about so it is up to him really to determine his priorities, to tell the Public Works Department what it is that he wants done and we do attach importance to doing the steps on the landing platform.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 17 - Post Office, Savings Bank and Philatelic Bureau was agreed to.

Head 18 - Prison was agreed to.

Head 19 - Public Works

Personal Emoluments was agreed to.

Other Charges

HON J C PEREZ:

Mr Chairman, could I ask the Hon Member opposite to explain Subhead 13 - Subsidy: Water to Shipping - £1,000. What is it?

HON MAJOR F J DELLIPIANI:

Sir, this is a system we had which terminated in May, 1984, whereby in order to get the bills paid by the Shipping Agents who were actually billed for ships that came for water, we introduced a sort of a rebate. The charge was 60p per 100 litres and when they paid us we gave them a rebate of 16p. We stopped that in May, 1984, but there are still some old outstanding bills up to May, 1984, which total £1,355. If they do pay the bills then we have to provide for the rebate for them.

HON J C PEREZ:

Mr Chairman, on Subhead 14 - Rock Safety Measures and Coastal Protection. Could the Hon Member explain whether he is satisfied with the rock safety measures that the Department is taking in relation to the Catalan Bay area where there have been several complaints by residents and by the people working in that area about rockfalls and could he not explain why it is that the survey that used to be carried out of the rockface area in the City Council days ceased ever since the City Council disappeared and nothing of that nature has been done since?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I certainly am not satisfied with the money that has been allocated to cope with all the safety measures that the Rock needs, I freely admit it. I was not aware, as the Hon Member is, that there was a regular survey done of the rockface on the Catalan Bay area. I can certainly tell you that I was there last year after the heavy rainfall with the engineers when we were doing a check-up which we do by binoculars watching the cliffside and all the rest so I know that there was an actual physical check of the cliffside made certainly around October last year. I don't know if it is done on a regular basis, I will certainly check when I get back to my office. The question of further safety measures is being considered and plans have been submitted but because we have had financial constraints I have highlighted the easier ones which I can tackle with this amount of money. One is the cliffside behind some of the Laguna houses. We are doing some repair work there because we have had rockfalls in the past and the other one is Keys Promenade in Camp Bay where there is a continual undermining by the current. We haven't allowed for the damage which was done by the last storm, we have allocated for what was there before to be repaired but in all honesty, Mr Chairman, I must tell the Hon Member that I am never satisfied with the money I get for safety.

HON J C PEREZ:

Mr Chairman, since the rockfalls in the Catalan Bay area seem to be occurring more frequently than they used to, will the Government commit itself to carry out a study of the area and if the Government were to see fit as a result of that study to introduce a supplementary expenditure for any measures that need to be taken, I am sure that we on this side of the House will support it since there is great concern in the area that the situation is worsening since the rockfalls are more frequent now.

HON MAJOR F J DELLIPIANI:

Mr Chairman, obviously there is an area between the Caleta Palace Hotel and St Peter's School where Government has done work before because they have put up a protective fencing and I think the scheme must be revised and looked at and costings made. I will certainly pursue this matter of rock safety in the Catalan Bay area and I will present it to my colleagues to see if they will kindly give me the money that I need to make that area safe. I will say, Mr Chairman, that it is a bit of a problem in that if Government starts touching things you start becoming responsible for them. Because we have touched that area we are now responsible for keeping it safe. I am referring to claims for damages etc, so one is loath to touch too many places and then have an accident and be accused that you haven't kept up that maintenance but certainly because we have done work there we are responsible to see that that work is maintained and, if necessary, improved and I will try and persuade Hon Members on this side to give me the money to do further work there.

HON J C PEREZ:

Mr Chairman, Subhead 24 - Highways, Maintenance and Improvements. If I recall correctly the Hon Member, in answer to questions some time last year, gave us the programme for last year of the highways which were to be repaired or resurfaced. Has he got available the programme of roadworks to be carried out by the Department this year? I notice that there is a £49,000 increase but one presumes that that is allowing for increase in wages and overtime and so on.

HON MAJOR F J DELLIPIANI:

Mr Chairman, I really haven't got the programme with me. What we are doing at the moment is reacting to certain anomalies which we have seen with the open frontier situation. For example, we have noticed that there is a lot of traffic from the USOC coach park towards the Cathedral of the Holy Trinity so what we are doing there is widening the pavements and putting a bigger island so that people can step in more safely and we are reacting to that. I am preparing, at the request of the Minister for Economic Development, a proper programme of highways which has to be really costed. Whether

I will get the money or not is another thing but I am preparing a programme of real improvements to highways but now I have to deal with some of the problems that have cropped up with the open frontier and to do patching up of some of the roads which have deteriorated because we haven't had the finances that we wanted to do it in the past.

HON J C PEREZ:

Mr Chairman, on Subhead 60 - Cemeteries, Upkeep. I notice that the amount of money allocated is the same. Does that mean that it is not expected that there should be wage increases or that the staff is being decreased?

HON MAJOR F J DELLIPIANI:

Mr Chairman, in actual fact the sum shown there covers the wages of the gravediggers, the labourers, allowances, but there is no money for overtime. I think there has been an omission on my part and I haven't submitted to my colleagues the fact that we have to bury people on Saturdays and Sundays. I am grateful to the Hon Member, I seem to have got my sums wrong, I hope that I will be able to find it from other Heads or if not I will ask for the money.

HON J C PEREZ:

I hope, Mr Chairman, that the Hon Member can give me an assurance that the unfortunate people who happen to pass away at week-ends will be able to be buried at week-ends.

HON MAJOR F J DELLIPIANI:

Mr Chairman, I think that I can persuade Hon Members on my side to do this. I regret that I have made a mistake but I hope that my colleagues will support me.

HON J BOSSANO:

Mr Chairman, before we go away from Public Works, could I ask for clarification on personal emoluments. We have got two posts of PTO II supernumerary, professional entry scale, page 74. I find it rather surprising because supernumerary staff generally is the result of a restructuring and where posts are lost and people are kept in post or something like that so it is rather odd to find two new posts at PTO II level who were not there last year. They were not there in last year's establishment, they are on this year's establishment so I am wondering how come that we have got two new entrants, as it were, and they are already supernumerary?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I must confess that I cannot give you an answer now. I think, obviously, that if we have this it is because it is required. I will certainly give the Hon Leader of the Opposition the answer after the meeting. I hope he accepts that. I admit that I was prepared for the things that I have cut or have been cut but not for the extra things.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 20 - Secretariat

Personal Emoluments

HON J C PEREZ:

Mr Chairman, I am not sure whether one should raise this under Secretariat but I understand that the Government is to introduce a new Traffic Department and if this is the case I was wondering whether the staff of that Traffic Department would come under Personal Emoluments - Secretariat, or not?

HON M K FEATHERSTONE:

At the moment, Sir, there are two people who are in the Traffic Department but they come under the heading of Treasury, not Secretariat.

HON J BOSSANO:

Could I ask on Personal Emoluments, Mr Chairman, the post of the Curator is on the establishment, the Curator in the Museum I take it. That is the Curator at the Museum, am I correct?

HON CHIEF MINISTER:

Yes.

HON J BOSSANO:

Can I ask, are all the staff employed at the Museum in fact Government employees or is the Curator only because the Museum produces its own separate accounts which shows salaries and wages and I have found it rather difficult to understand how that is shown separately from the income of the Museum and yet we are providing here for the payment to the Curator.

HON CHIEF MINISTER:

The rest comes from the grant which is given straight to the Museum, the Curator is on the staff. The rest are paid out of the money that is paid for the Museum which comes under Treasury and the accounts are audited by the Auditor and made public.

HON J BOSSANO:

So, in fact, the others are not Government employees?

HON CHIEF MINISTER:

No less than GBC, they are employed on terms which are Government terms but they are not Government employees.

HON J BOSSANO:

But their terms are the same?

HON CHIEF MINISTER:

Yes, their conditions are the same, as far as I remember they are the same, they wouldn't get employed otherwise.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 21 - Telephone Service was agreed to.

Head 22 - Tourism

(1) Main Office - Personal Emoluments was agreed to.

Other Charges

HON J E PILCHER:

Mr Chairman, Subhead 10 - Maintenance of Sites. There is a minimal increase there of £7,500. Is this due to the increase of visitors to those sites and will this be a recurrent increase in expenditure or is it just some particular maintenance for the sites this year?

HON H J ZAMMITT:

No, I think it will be recurrent, Mr Chairman, on account that more cleaning is required and more upkeep of the various sites is going to be required from now on without any doubt.

Other Charges was agreed to.

Special Expenditure

HON J E PILCHER:

Mr Chairman, on the painting of buildings and removal of eyesores, can the Minister give us a rough breakdown on how they intend to spend this money?

HON H J ZAMMITT:

Mr Chairman, as I mentioned in the Appropriation Bill all these sums are revotes from the injection of £300,000 that we put in in the middle of last year. I am afraid I have not got a schedule showing exactly where it is going to go but, of course, we have an intensive cleaning and polishing-up campaign in conjunction with the Public Works Department.

HON J E PILCHER:

Mr Chairman, at the same time that the Government is actually spending money in removing eyesores which in some cases may or may not be due to actual Government involvement, are they also pushing forward the policy of removing eyesores in general, there are still a lot of eyesores about that are not Government's responsibility.

HON H J ZAMMITT:

Mr Chairman, Sir, yes, all eyesores whether they are of Government making, or Public Works Department's making or of private making, if they are an eyesore and it is felt that they should be removed then from this provision we will provide money to do so.

Special Expenditure was agreed to.

(2) London Office - Personal Emoluments was agreed to.

Other Charges

HON J E PILCHER:

Mr Chairman, I gave notice that I would want to have a rough idea of what is the Hon Minister for Tourism's idea of how the expenditure on Subhead 8 - Advertising and Field Sales, is going to be distributed this year.

HON H J ZAMMITT:

Mr Chairman, yes, Sir, I can give very rough calculations but I can say that we intend spending out of the £306,000 roughly about £146,500 within the UK market, I mentioned support to the tour operators in particular, and the remaining £159,500 will be for the marketing process that the new Director is now directing his attention to in Spain, Europe and Morocco.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 23 - Trading Standards and Consumer Protection was agreed to.

Head 24 - Treasury

Personal Emoluments

HON J C PEREZ:

Mr Chairman, if I may repeat the question which I asked the Hon Member opposite on the Traffic Department. Is there any provision for extra staff for this Department under Treasury?

HON M K FEATHERSTONE:

If the Hon Member will look at No. 8 there is one extra Higher Executive Officer, this is the gentleman who is basically dealing with traffic matters on an EEC level and he has a Clerical Officer as an assistant.

HON J C PEREZ:

Could the Hon Member explain the need for the setting up of this Department and could he say whether he intends to include the MOT staff in it in the future or what is the role of the Department in relation to the Transport Commission?

HON M K FEATHERSTONE:

Well, the need to set up this Department was basically that there was a wealth of EEC legislation which was obviously going to affect Gibraltar once Spain became a member of the EEC and somebody had to, first of all, go through all the legislation, collate it, see how it affected us and then put into actual effect the different parts of the legislation that actually needed day-to-day working. For example, if you have a lorry which is going to take goods to Spain or is going to go to Spain to collect goods you have to get a transit visa and all this is done by the Licensing Department. As far as the MOT Department is concerned, the Higher

Executive Officer has nothing to do with that whatsoever, that is actually under the control of the Senior Driving and Vehicle Examiner.

HON J C PEREZ:

Surely, is not the role that the Hon Member has described the responsibility of the Attorney-General's Office, to collate EEC law and see how that is going to affect Gibraltar and implement it?

HON M K FEATHERSTONE:

This was a specialised type of legislation, it wasn't so much the actual interpretation of the law as such but to see how the detailed interpretation would have to be done. There is somebody in Britain who does exactly the same sort of thing who is not a member of the legal profession, they are in the Ministry of Transport and this is the equivalent to the Ministry of Transport here.

HON J BOSSANO:

Can I ask on personal emoluments in relation to what I asked previously about the relationship between the Museum and the provision in the estimates for the Curator. I notice that in the Mackintosh Hall we are providing, as far as I can tell, for virtually all the staff under the Treasury vote and we have a contribution to the John Mackintosh Hall, do we not? How do the accounts relate as regards the wages and salaries shown in the accounts of the Mackintosh Hall compared to

HON CHIEF MINISTER:

The Mackintosh Hall Director is a Higher Executive Officer from the staff of the Government.

HON G MASCARENHAS:

Mr Chairman, the accounts of the Mackintosh Hall do not show any wages.

HON J BOSSANO:

So the £141,000 on page 94 do not provide for any wages or salaries?

HON G MASCARENHAS:

Where is that?

HON J BOSSANO:

Page 94, Subhead 32 - Contribution to John Mackintosh Hall.

HON G MASCARENHAS:

No. Industrial wages only, I am told.

HON J BOSSANO:

Well, all wages are industrials, Mr Chairman.

HON G MASCARENHAS:

No, Mr Chairman.

HON J BOSSANO:

Yes they are, throughout the estimates all the wages are all about industrials.

HON G MASCARENHAS:

Yes, but you were referring earlier to the HEO who is the Director.

HON J BOSSANO:

No, I was not referring to that. What I am referring to is, Mr Chairman, that it seems to me that if we are providing for the personal emoluments of all the non-industrial staff, that makes them all Government employees. The industrial staff are then paid by the Mackintosh Hall out of the subsidy that we pay the Mackintosh Hall. That doesn't make them Government employees or am I mistaken? So why the difference?

HON CHIEF MINISTER:

It is like the Museum. They are not industrials employed by the Government, it is like the Museum industrials.

HON G MASCARENHAS:

Mr Chairman, they do enjoy all the conditions of Government service. They are quasi Government employees, I would have thought.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Subventions

HON R MOR:

Is there any particular reason that the Government should allow £8,000 to the Royal Society for the Prevention of Cruelty to Animals and yet only £1,000 to the Society for Handicapped Children?

HON CHIEF MINISTER:

Yes, the reason for granting that sum to the Royal Society for the Prevention of Cruelty to Animals is that we have statutory duties under the Public Health Ordinance which we would have to carry out and if it were not done in this way where there is an element of voluntary feed-in which gives a good service we would have to employ a veterinary surgeon ourselves. The RSPCA present their accounts and we find it is cheaper and equally effective for them to make their own arrangements and for us to be able to call on them to do the statutory duties under the Public Health Ordinance.

HON J E PILCHER:

Mr Chairman, on Subventions, Subheads 35 and 36 - Hotels - Water Subsidy; and Hotels - Electricity Subsidy. From what I understand this was an incentive given to the Hotels to pay their arrears. Is it the intention of the Government to continue to do this given that now we have heard from the Hon Minister for Tourism that the Hotel profits are on the increase?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Nothing to do with arrears, Mr Chairman, it was an understanding reached that for prompt payment of bills there would be an element of discount.

HON J E PILCHER:

The question is still the same, although it is not for arrears it is for prompt payment. Do we continue to have this kind of agreement for prompt payment now that we have a new situation completely?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Obviously this is a matter which we will be giving consideration to during the year, Mr Chairman.

HON J BOSSANO:

I want to ask on the contribution to GBC. Obviously, I am not going to ask why are we giving so much money to GBC which is a question that has often been asked in the past. I understand that there is concern within GBC on the constraints that they have in raising money for re-investing, particularly since I think there are difficulties with some equipment that is getting difficult to keep up or to maintain because it is out-of-date to the extent that spares are not easy to come by. My understanding of the situation is that they feel that because of the nature of the Corporation they haven't got the freedom of a commercial enterprise where they feel that if they could raise the money themselves,

not necessarily from the Government, on commercial terms, they would be able to invest in equipment which would in turn produce a sufficient improvement in revenue to make it a sound commercial decision but that they cannot do that. I am asking that in the context of a situation where it would seem to me that if giving more latitude for them to re-equip is going to reduce their recourse to public funds and their dependence on the Government is something the Government should welcome so I would welcome any comments from the Government.

HON CHIEF MINISTER:

Well, the reference to the equipment, certainly the request was for much more like everybody else has asked, all Departments of the Government, and they suffered a certain amount of cuts from their bid and that covered some element of equipment which they wanted and not others. On the other hand they didn't seem very unhappy because they were expecting to get more money from advertising but I do not know, I had contact with the Corporation apropos of this subsequently and the matter has not been drawn to my attention about manoeuvrability in dealing with the thing, in fact, they are quasi independent financially in the sense that they come to us for what they say they need, the difference between what they can get and what is required and nothing has been brought to our attention. I remember that they said that it would help them with the flow of cash and we now pay them quarterly. We used to pay them twice a year, they asked for more ready payment and we pay them quarterly so I will look into the matter and I will ask.

HON J BOSSANO:

Two other things that I want to raise in relation to GBC. One is, when the amount of subvention is decided, I take it, it is decided in relation to the estimates of the yield of the licences. If in fact the collection of the licences doesn't match the expectations, does that result in GBC still getting the money?

HON CHIEF MINISTER:

Yes, in fact, this year we were able to try and make up for what we were cutting by assuring them that we had employed extra staff to follow up the payment of TV licences. We have also got legislation. At one stage it was suggested we could only sue for a year but that is if you can only prove that the TV was used for a year but if it is clear that there has been more than one year of non-payment they would be sued. I think I saw some papers where it was estimated that about 3,000 sets operate here without a licence and now we have, I think, two Clerical Officers to try and pursue this question. When I say 3,000 I mean 3,000 households because it doesn't mean that every household has got one television only.

HON J BOSSANO:

I think the first point, really, is just for the record because I think the answer that I am going to ask from the Hon and Learned Member is in the affirmative. I think he made a statement which we were not present to listen to but which we read subsequently in Hansard regarding the question of the payment of the salaries where there was a hiccup the last time because they were not included in the global provision, that has been put right I take it?

HON CHIEF MINISTER:

Well, actually I think I explained it then and that was that the Hon Leader of the Opposition's predecessor wanted every penny counted insofar as GBC was concerned and in one of those attempts at conciliation which I always use in this House, I undertook that there would be no increases in respect of GBC without coming back to the House but then I announced when we made the extra provisions required last year for salaries that as from now it is included in the provisions for the review of salaries so that we wouldn't have to come here again.

HON J BOSSANO:

So, in fact, that is the point that I am making, that it is confirmed that the £1,200,000 we have got to vote for the salary review of 1985 includes GBC's element and they will get it automatically?

HON CHIEF MINISTER:

It is done without reference to the House.

HON J BOSSANO:

I would like to ask the Government to consider under Annual Grants-In-Aid, Mr Chairman, I don't know whether they have been approached or not, but the possibility of considering including in the list the Mental Welfare Society which is, in fact, having a meeting today and which I think is doing a lot of useful work for the Government in the back-up it gives the Mental Welfare element of the medical services and, particularly, in looking after ex-patients and helping them to integrate into the community. I think it is an important part of the after-care. They are a charity depending on voluntary contributions but I think I would like an indication from the Government that they are sympathetic towards that particular cause as they are to others.

HON CHIEF MINISTER:

Blessed is he who asketh because he occasionally gets something, if you don't ask you don't get it and we have had

no application from the Mental Welfare Society. There is a contingency provision from which we could make a token sum this year and perhaps by that time next year we can make a proper provision.

Subventions was agreed to.

Special Expenditure was agreed to.

Head 25 - 1985 Pay Settlement was agreed to.

New Head 26 - Contributions to Funded Services

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move the inclusion of a new Head of Expenditure, Head 26 - Contributions to Funded Services - in order to eliminate the projected deficits in the Electricity, Potable Water and Housing Funds. It is proposed to make budgetary contributions to these Funds. Accordingly, it is proposed to provide as follows: Subhead 1, Electricity Undertaking Fund - £1,118,500; Subhead 2, Potable Water Service Fund - £154,000; and Subhead 3, Housing Fund - £2,979,300, making the total for this Head £4,251,800. The new figures for the increases over the approved estimate for 1984/85 are Electricity Undertaking Fund - £510,200; Potable Water Fund - £108,100; Housing Fund - £2,031,700, an increase to the Head of £2,650,000 over the approved estimate for 1984/85.

Mr Speaker put the question which was resolved in the affirmative and New Head 26 - Contributions to Funded Services, was agreed to.

IMPROVEMENT AND DEVELOPMENT FUND

Head 101 - Housing was agreed to.

Head 2 - Schools was agreed to.

Head 103 - Port Development

HON J C PEREZ:

Mr Chairman, perhaps what I am going to say now should have been said generally for all the Heads we have approved but I think it is particularly so on the Causeway Project and that is that most of these tenders were granted to different companies prior to the complete opening of the frontier and that because of the accessibility to cheaper materials the costs of these projects must have considerably decreased and I am asking whether the Government is doing something with the contractors concerned to lower the price of the project rather than allow that the extra profits should be pocketed by the supplier to the contractor or the contractor himself.

HON A J CANEPA:

It should be borne in mind that most of the material which is going to be used for the fill will come from dredging operations.

HON J C PEREZ:

Is the Hon Member aware that DOE contracts, for example, have had a clause for the last ten years providing for a different situation if ever there was a complete opening of the frontier?

HON A J CANEPA:

No, I was not aware of that.

HON J C PEREZ:

Mr Chairman, on the question of the Causeway, particularly, is the Hon Member aware that the contractor put out to tender for aggregate for the project?

HON MAJOR F J DELLIPANI:

I am not aware, Mr Chairman, that the contractor has done so.

HON J C PEREZ:

Mr Chairman, I know that the Hon Mr Canepa has said that a lot of it is from dredging but the contractor involved, I have been informed, put out a tender for aggregate some time ago, the prices for aggregate being tendered then were much higher than the ones being tendered now and what I am trying to make sure is that if the price for aggregate for that project is considerably lower and there is a very big difference in the price that was being quoted then and the price that is being quoted now, that those savings should be made by the Government in the project where the Development Fund is projected to have only £98,000 next year and not pocketed in extra profits either by the supplier or by the contractor carrying out the contract.

HON MAJOR F J DELLIPANI:

I think, Mr Chairman, that the Hon Member opposite is talking logically but I am not a legal expert. If in the tender form where it specifically talks about the material content there is a fluctuation clause, whether it goes up or down, then we might get the benefit. If there is no fluctuation clause with regard to materials then because the contract has been awarded already there won't be any savings, the savings will be for the contractor. It just depends if there is a fluctuation clause but if it is a fixed price contract then there

is no way because if things go wrong they would have to bear the cost but if things go right they get the profit.

HON J C PEREZ:

Mr Chairman, the point is that the contract was awarded very, very recently and I was wondering whether the Government in drawing up this contract didn't take that into account. That is why I asked if the Government was aware that the DOE had a clause to see whether the Government had included such a clause in the contract for the Causeway because I think with the level of the Fund as it is it is not very reasonable that the contractor should take advantage of this and perhaps the Hon Member could investigate it and come back to the House and inform us what the actual position is in relation to the contract.

HON MAJOR F J DELLIPIANI:

Mr Chairman, certainly, it is a very sensible suggestion. It might be there, I don't know. One of the things that as a Minister one tries to avoid is to get involved in tenders and contracts because a Minister should not do that, really, because one faces a lot of charges if one gets involved in contracts and clauses. One has enough charges levied against one without having further ones if you get involved in contracts. I will certainly look into it. I am a bit of a businessman and whatever savings I can find now that it is clear that you are not opposed to my looking into the contract, I will certainly try and find out all the clauses that there are to see whether we can make savings because of the open border situation.

HON J C PEREZ:

On the contrary, Mr Chairman, I would welcome the Minister looking into it because my information is that there are thousands of pounds in savings in this and I think that it is proper that if any of that money should come back to the Fund that the Minister and the Government as a whole should try and do this because of the serious situation which the Fund is estimated to be in next year in any case apart from the fact that it is public money.

HON MAJOR F J DELLIPIANI:

Certainly, Mr Chairman, I give an undertaking that if the tender documents give us the leeway where any savings in materials can come back to the Government, I will certainly pursue that and certainly I will look into the question whether the clause which you have mentioned that PSA/DOE have in their contracts is in our own contracts.

HON J C PEREZ:

Let me just point out, Mr Chairman, that had the Quarry Company been allowed to expand the Government would not be faced with this problem because their own publicly-owned company would supply them with the cheaper material if the prices in the market had gone down.

HON J E PILCHER:

Mr Chairman, Subhead 2 - Oil Pollution, estimated cost of project - £100, that is a token vote is it? It is not marked as a token vote that is why I was asking.

HON MAJOR F J DELLIPIANI:

Mr Chairman, may I take this opportunity which is something that I should have done before under my own Head of Public Works. I bear the responsibility once the oil has reached our shores to clean it up. It is a token vote but I have to make a statement, if you will allow me, and that is with regard to the Montagu Sea Bathing Pavilion. I was there last week looking at the conditions of the sea and I have recommended that for reasons of health we should not open Montagu Sea Bathing Pavilion at this stage. We are carrying on maintenance and getting it ready but the question of allowing people to swim in that area because the oil leak is still there, the oil leak has been stopped but the oil is still there, the companies involved are pumping it out but anything could happen and if we make any attempt to clean which is a very expensive process and anything happens we would have the same problems within days so for health reasons I have recommended that until the oil has been completely removed it is not recommended that the Sea Bathing Pavilion should be opened.

Head 103 - Port Development was agreed to.

Head 104 - Miscellaneous Projects

HON M A FEETHAM:

Mr Chairman, the Opposition will be voting against Subhead 8 on the expenditure of £114,000 for the College of Further Education. Given the MOD non-requirement of the Dockyard Technical College we do not believe that if that requirement is no longer there that the people of Gibraltar should have to pay that amount of money for a building which is no longer required and we shall be voting against, in principle.

HON CHIEF MINISTER:

I am sorry, I didn't hear the Hon Member well.

MR SPEAKER:

I think the Opposition are under the impression that £114,000 are needed for the purchase of the building.

HON CHIEF MINISTER:

That is half the building, the other half was ours and it is the written down value in accordance with the terms of the last Lands Memorandum and the years of depreciation.

HON M A FEETHAM:

Mr Chairman, I know that it is in accordance with the agreement of the Lands Memorandum. What we are saying is that we do not agree with the principle that if the MOD have no requirement for half the building that we should have to pay for it, this is what I am saying.

HON CHIEF MINISTER:

This is what was accepted and agreed in the Lands Memorandum that on-going buildings which have an interest the way of phasing them out is on a basis of so much per cent per year according to the date of the building and I can assure Members that this is a much lower figure and it has taken a very long time to be able to bring it down to that figure. It was important to fight this one because it was the first transfer on the basis of the value of land under the new Memorandum.

HON J BOSSANO:

I think the position is as explained by my colleague, that we think the MOD should have given it to Gibraltar without charging £114,000. They were particularly anxious to get rid of it, anyway, let us not forget that either.

On a vote being taken on Subhead 8 - College of Further Education, 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

Head 104 was agreed to.

Head 105 - General Services was agreed to.

Head 106 - Potable Water Service was agreed to.

Head 107 - Telephone Service was agreed to.

Head 108 - Public Lighting was agreed to.

Head 109 - Electricity Service was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, subject to your guidance I think it is now appropriate for me to move the substitution of the former total at the end of Part I of the Schedule, am I right?

MR SPEAKER:

Yes. You should move that Part I of the Schedule should be amended by the addition of a new Head 26 and the amount and then the correction of the figures.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Sir. I beg to move that a provision of £4,251,800 be made under a new Head of Expenditure, Head 26 - Contribution to Funded Services, that the sum of £47,068,700 be deleted in the total and the figure of £51,320,500 be substituted therefor.

Mr Speaker proposed the question as moved by the Hon the Financial and Development Secretary.

HON J BOSSANO:

Mr Chairman, I asked the Hon Member to clarify for me the level of arrears in the estimated Consolidated Fund Balance and he gave me some figures which having looked at I find rather puzzling and therefore I am taking this last opportunity to ask him to correct me if I have understood him wrongly. I think he gave me figures of arrears at March, 1985.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If I may interrupt the Hon Member. He did ask me for the outstanding amounts not the arrears which are a slightly different concept.

HON J BOSSANO:

It is a different concept and I thought he might have given me the arrears instead of the outstandings, this is why I am asking him, because in fact in the last meeting of the House he mentioned that the anticipated figure for March, 1985, on the electricity account was £2.8m and he gave a breakdown of £1m being for 1984/85, £0.7m for 1983/84 and so forth. Since he told me a figure of £2.8m a month ago I would like to know how it is that it is £1.6m now?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I haven't got the reference of what I said at the last meeting of the House in front of me, Mr Chairman. It is possible that the figure which I gave included both electricity and water, I should have to look into that. I think the only thing I can do is to offer to look into this matter subsequently and get in touch with the Hon Member.

HON J BOSSANO:

The Hon Member can then confirm that we are talking of the level of outstandings in March, 1985, being £3.3m as opposed to £4.9m a year ago, that is the position taking the four Funded Services?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

My estimate for the level of outstandings at the 31st March, 1985, Mr Chairman is £3.8m or £3.9m.

HON J BOSSANO:

I think the Hon Member gave me £1.6m on electricity.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

£1.76m exactly.

HON J BOSSANO:

So he makes it £3.8m, fair enough. And it was £4.9m a year ago, according to the Auditor's Report?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I think that is right, £4.9m.

HON J BOSSANO:

And it is now £3.8m?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

£3.8m or £3.9m, that is an estimate, of course. I think this is subject to audit because it is audited at the end of the year.

HON J BOSSANO:

I accept that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am almost certain that the figure of £2.8m would be a combination of electricity and water but I will get in touch with the Hon Member.

Mr Speaker then 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, I beg to move that the words "forty seven million sixty eight thousand seven hundred pounds" in the last two lines of Clause 2 be deleted, and the words "fifty one million three hundred and twenty thousand five 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 seven million sixty eight thousand seven hundred pounds" be deleted and the words "fifty one million three hundred and twenty thousand five 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 five million six hundred and seventy three thousand and fifteen pounds" be deleted and the words "fifty nine million nine hundred and twenty four thousand eight hundred and fifteen 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.

CONTINUATION OF THE FINANCE BILL, 1985

Clause 7

HON CHIEF MINISTER:

We are dealing with Clause 7 which refers to the Public Health Ordinance. The reference made by the Leader of the Opposition to the seventeen tenants who had bought their houses and the one who had not, made me think a lot and my conscience was pricked but I have considered the matter, I have looked at the proposals originally made from the Department which were that there should be a reduction, if it was going to be sufficiently attractive, of 20% and then Council of Ministers brought it down to 10%, and the simple answer to that particular question is that whereas the other seventeen will have to look after the property at their own expense, this one will be maintained from Government coffers. I am afraid that I must support the Bill as it is.

HON J BOSSANO:

Mr Chairman, I can only express my regret that we have not been able to persuade the Government to change this point. I was using the example of that area because I thought precisely it would bring the point home because I think it is a good way of illustrating it and I think the point that I made in the context of the principle that is being established and in the context of the Government trying to sell 250 houses. We are setting up a two-tier rating system and certainly we think that that is a bad principle, we think the people concerned are supposed, in theory at least, to be paying for a service and therefore we are against it and we will certainly change that if we ever have the opportunity to do so.

HON A J CANEPA:

There is of course an additional point to be borne in mind not only in the flat in question but, generally, throughout Government-owned dwellings, the rent is never an economic rent. Government is never charging any tenant for rent what in fact it is spending on maintenance and so on of its property. Again this is a point to be borne in mind, that there will be a Housing Association there looking after the dwellings of virtually everybody, having to make their own arrangements and here there is a minority of one where it will be the Public Works that will continue to have to look after the maintenance of this one flat to the detriment of the Public Works, to the detriment of the operation of the Housing Association which will always have this enclave of the odd man out.

HON J BOSSANO:

I think that begs a lot of questions about the maintenance that is provided for Government tenants which is a separate issue altogether. I don't know how fortunate tenants in that particular area are at getting things done in their houses. I know that the Housing Account is in deficit and there are a number of different reasons why it is which historically go back to the lack of a clearcut policy by the Government on who it is providing public housing for. There are many, many anomalies which are now so old and so entrenched that it is very difficult to know how to correct all those anomalies but I think the Government, maybe with the best intentions, is creating one new anomaly now by creating this situation. I have given the example of the people on the same Estate paying a different level of rates because we are not simply giving an incentive to encourage home ownership. I don't really believe that the people who are undecided whether to purchase or not to purchase are going to have their minds made up by this 10%. We are giving a 10% to everybody irrespective of income. We don't even have a system in Gibraltar which has got a rates rebate for people on a particular level of income so we are giving a rebate to people which is not means tested whereas in other places where there are rebates on rates it is means tested. The decision might have been motivated because they wanted to encourage home ownership but in our view the better way to encourage home ownership is to give a pack incentive on the purchase price of the house and not on the long term running costs because on the long term running costs the owner/occupier ought to be making the same contribution towards the services provided for the community as a whole as a tenant and it bears no relation to the economic circumstances of the person and, generally speaking, as I said, the higher the level of rates the better the property, the more useful the 10% becomes.

HON A J CANEPA:

Mr Chairman, I think it should be seen as part of the package against the background of the other measures that we have introduced such as, for instance, the longer period of relief for rating, the scale being made much longer to operate over ten years and not just five which we also recently introduced together with the minimal because it is not a very large deduction that is made in respect of income tax of only £1,000 but I think what we are doing is laying principles down. Perhaps, if the economy and the financial position of the Government picks up we might be able to do rather more in this field. As regards the point about the maintenance, whether at that particular Estate or at others whether Government tenants are getting adequate maintenance or not in respect of the rents that they are paying, you might say that about the private sector. What maintenance are the tenants of privately-owned pre-war accommodation getting, virtually none, and yet are they not as taxpayers, what have we voted under the Contributions to the Funded Services for Housing, how much money is it that we have just moved an amendment voting, what is the figure, £2.9m? Tenants of privately-owned pre-war housing and taxpayers are subsidising Government tenants through their taxes so where do we go? I think you could widen the debate fully because really what we are discussing goes to the whole root of the matter of housing and not just a question of the 10% rebate on the rates.

HON J BOSSANO:

Mr Chairman, if the Government wants to bring in a body of legislation of the package of measures designed to promote home ownership, but what we have got is one element of the Finance Bill which reduces what is really one tax in Gibraltar because we have already established by virtue of the legislation creating the one-sixth deduction which didn't exist before, by virtue of the fact that on salt water charges they have suddenly gone down to compensate for the net annual value going up without bearing any relation to the cost of providing brackish water which is shown in the estimates to cost more than the salt water charges will produce, we have already established that there is no clear identity as there used to be. In the notional accounts, until 1976, the general rate was supposed to provide an income which together with the charges made for electricity and water and telephones, I believe, produced a municipal services notional account which was supposed to balance and if there was any subsidy it was a cross-subsidy so you might have a deficit on electricity made up by a surplus on the general rate account and, again, going back to before the 1969 merger, the rates levy was identified with the provision of specific services. That is no longer true but that is the fundamental principle of rates. If we treat it simply as one more tax then we are saying that people who live in their own houses should pay less tax than people who rent property. There are people who rent property in all sorts of different

circumstances, the Hon Member quotes one aspect of the people in pre-war housing accommodation as compared to people in Government accommodation. The people in pre-war housing accommodation in the private sector are paying £30 a square foot, that is going to go up to £60 a square foot and yet the Government tenant is paying £75 a square foot. One could argue that the private sector pre-war tenant of whom there are 2,000 are better off than the 1,500 in Government because the 1,500 in Government are paying £75 as opposed to £30 and even after the new Landlord and Tenant Ordinance it will be £75 as opposed to £60. There are counter-arguments. The point is that if we treat it as a tax we are saying people who live in their own houses should pay 10% less tax than their equivalents in other places irrespective of income, whether they are better off or not, irrespective of the level of rents that they may be paying because you can have people who are paying £50 a week in the private sector as tenants and they are going to have to pay the full rates. If we are thinking of the rates as a payment for a service which is how it started and is what it ought to be or else it ought to be scrapped and replaced by something else, then if we are thinking of it as payment for a service why should the fact that somebody lives in his own house means that he has to pay 10% less for the service that he gets on municipal things, like his refuse collection and so forth, than somebody who is paying rent? I think the principle established is a bad principle and therefore if we want to consider more ways of encouraging home ownership the Government will have our support, we have already stated we support home ownership and we support measures to encourage it but we don't think it ought to be done by having a two-tier rating system and we don't think that will encourage a growth of home ownership, it will simply give an advantage to those who have already decided.

MR SPEAKER:

I think we are now discussing what we should have discussed at the Second Reading, the principles involved and not the fact that this particular Clause carries out what was discussed before.

On a vote being taken on Clause 7 the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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

Clause 7 stood part of the Bill.

THIRD READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to report that the Finance Bill, 1985, and the Appropriation (1985/86) Bill, 1985, with amendments, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

On a vote being taken on the Finance Bill, 1985, 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 (1985/86) Bill, 1985, as amended, 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

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I now move that the House adjourn 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 7.50 pm on Thursday the 25th April, 1985.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26TH JUNE, 1985

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Eighth Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on 26th June, 1985, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, LVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone OBE - 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 E G Montado - Acting 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 March, 1985, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Minister for Education, Sport and Postal Services laid on the table the following document:

The Accounts of the John Mackintosh Hall for the year ended 31st March, 1985.

Ordered to lie.

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

- (1) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 8 of 1984/85).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 9 of 1984/85).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 1 of 1985/86).

Ordered to lie.

AWARD OF OBE TO HON M K FEATHERSTONE

MR SPEAKER:

I know I am voicing the feelings of all Members of the House in congratulating Mr Featherstone on his very well deserved award of the OBE in Her Majesty the Queen's Birthday Honours.

The House endorsed by acclamation Mr Speaker's words.

ANSWERS TO QUESTIONS

The House recessed at 1.05 pm.

The House resumed at 3.30 pm.

Answers to Questions continued.

DOCUMENTS LAID

The Hon the Attorney-General moved under Standing Order 7(3) to enable him to lay out of the regular order of business the following document:

The Income Tax (Permitted Individuals) Rules, 1985.

Ordered to lie.

The House recessed at 5.35 pm.

The House resumed at 6.10 pm.

THE ORDER OF THE DAY

MOTIONS

HON H J ZAMMITT:

Mr Speaker, Sir, I beg to move the motion standing in my name, namely an amendment to the Statistics (Tourist Survey) Order, 1972, Mr Speaker, I would beg your indulgence not to have to read the motion which has been circulated.

MR SPEAKER:

I feel sure that Members have been given plenty of notice of the contents of the motion, it is a long one, I don't think it requires the Minister to read it so we will take it as read.

HON H J ZAMMITT:

Thank you, Sir. Mr Speaker, the question really is that in the past it has been a requirement of the Statistics Office to present statistics annually and in doing so some difficulty is found in the format and the questions that are asked in the 1972 order. Mr Speaker, if Members were to look at the Order of 1972 they will see that it stipulates particular questions and particular reference from which the Statistician does not deviate and rather than having to have them specifically for that it is considered that the new amendment would give general headings as mentioned in the Schedule of the thirteen questions that are to be asked which will generalise and therefore give the Statistician the more up-to-date information required and not have to come to the House to change any particular format or for questions that the Statistics Office may from time to time require. It is considered that the thirteen questions, as mentioned in the Schedule, will more than cover the requirement of the Statistician and in doing so, particularly because of the new tourist impetus that we are having today, it is considered that the thirteen listed questions will cover and provide the needed requirements. Mr Speaker, I do not want to labour much on this because I think it is self-explanatory and it really is a matter of amendment and streamlining it. I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the Hon the Minister for Tourism's motion.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

BILLS

FIRST AND SECOND READINGS

THE CARRIAGE OF GOODS BY SEA (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Carriage of Goods by Sea Ordinance, 1977 (No. 25 of 1977) be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill is a lawyer's delight but it must be an absolute nightmare for a layman and I will try and explain it. Mr Speaker, the Schedule of the Carriage of Goods by Sea Ordinance contains a set of rules and these rules are known as The Hague Rules and these Rules regulate the carriage of goods by sea from Gibraltar to any other Port. The Hague Rules were drawn up in 1924 and they were amended by the Brussels Protocol on the 23rd February, 1968. These Rules have now been further amended by the Brussels Protocol of the 21st December, 1979. The 1979 Protocol came into operation on the 14th February, 1984 and this date, Mr Speaker, is reflected in Clause 1(2) of the Bill and so this part of the Ordinance will have retrospective effect to the date of the coming into operation of the Brussels Protocol of the 21st December, 1979. Clause 2 of the Bill, Mr Speaker, amends Section 2 of the Ordinance so that the Ordinance will read as follows, this is Section 2(1) of the Ordinance: "In this Ordinance the Rules mean the International Convention for the Unification of certain rules of law relating to bills of lading, signed at Brussels on the 25th August, 1924, as amended by the Protocol signed at Brussels on the 23rd February, 1968". That much is in the law, Mr Speaker, and this is the amendment: "and as further amended by the Protocol signed at Brussels on the 21st December, 1979". And Clause 3(1) of the Bill, Mr Speaker, carries a similar amendment to the heading of the Schedule to the Ordinance. All the 1979 Protocol did was to substitute a Special Drawing Right as defined by the

International Monetary Fund as the unit of account. Clause 3 (iii) of the Bill defines what is meant by Special Drawing Right. Mr Speaker, as you can see from Clause 3(iii) it is long and complicated and to me is somewhat incomprehensible definition which has to be included. The only reason for having to include this definition is so that we can make one very small amendment to paragraph 5(a) of Article IV of the Schedule to the Ordinance. Under the existing paragraph 5(a) of Article IV the carrier's or ship's liability of goods lost or damaged is in the absence of a specific declaration as to value limited to the equivalent of 10,000 francs per package or unit or 30 francs per kilo of the gross weight. The 1979 Protocol in Clause 3(ii) of the Bill limits the liability, it changes it from francs into this formula 666:67 units of account per package or unit or 2 units of account per kilogramme of the gross weight. Mr Speaker, it really is a lot of words to say very little but nevertheless, 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, the law permits a State that is not a member of the IMF to calculate in whatever manner it seeks the conversion of its national currency into SDR. Is that something that would be applicable to us?

HON ATTORNEY-GENERAL:

The parties to the Convention and the various Protocols have agreed a new formula of calculation. I think it is formula which would apply to all signatories of the Convention and the Protocols and therefore this is the yardstick to be used as opposed whether or not they are in the International Monetary Fund but it is the formula which is to be used by the Convention countries in making the calculations rather than in francs as it used to be, it is exactly the same thing with just the change of francs to Special Drawing Rights.

HON J BOSSANO:

But it says here: "The value of the national currency, in terms of the Special Drawing Rights, of a State which is not a member of the International Monetary Fund, shall be calculated in a manner determined by that State". I am saying, is the Gibraltar pound the currency of a State which is a member of

the International Monetary Fund or the currency of a state which is not a member of the International Monetary Fund?

HON ATTORNEY-GENERAL:

For that I would need financial advice. It could either be the Hon the Leader of the Opposition or my colleague the Financial and Development Secretary.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not sure, Mr Speaker, whether by the mere fact that the United Kingdom is a member of the IMF, and we are a dependent territory, that it follows that in terms of applying particular Conventions we would fall under the category of being in the IMF. I am not sure about it, I would have to check.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE SOCIAL INSURANCE (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Social Insurance Ordinance (Chapter 145) 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. By Section 41(2) of the Social Insurance Ordinance where a birth, marriage or death certificate is required for the purposes of the Social Insurance Ordinance such a certificate may be obtained on request from the appropriate Registrar and on the payment of a fee of three pence in the case of birth certificates and five pence in the

case of marriage certificates and death certificates. Mr Speaker, it is felt that these fees are much too low and it is proposed to increase the fee to fifty pence in the case of all three certificates. In order to avoid having to bring legislation to this House every time there is a change in the fee, it is proposed that this increase and any future changes be made by way of subsidiary legislation. The formula, on payment of the prescribed fee set out in Clause 1 of the Bill, seeks to achieve this object. As the fees for a certificate obtained for the purposes of the Social Insurance Ordinance are lower than the fees for certificates obtained for other purposes, it is proposed to give the Director of Labour and Social Security power to retain the certificates obtained at the lower fee and Clause 2(ii) of the Bill seeks to attain this object. 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?

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE LANDLORD AND TENANT (AMENDMENT) (NO 2) ORDINANCE, 1985

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:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, another amendment to the

Landlord and Tenant Ordinance, 1983, has become necessary because of Government's decision to implement that from the 1st July next only those published in the 1983 Ordinance which will relate to domestic premises. Part IV of the 1983 Ordinance which relates to business premises will not be brought into operation for the time being and instead the law relating to business premises will be that contained in Part III of the Landlord and Tenant (Miscellaneous Provisions) Ordinance. Mr Speaker, Clause 2 of the Bill empowers the Government to appoint different days for the coming into operation of the different provisions of the Ordinance and this Clause in part will enable the Governor to appoint different dates for the coming into force of the provisions relating to domestic premises and of the provisions relating to business premises. Mr Speaker, Clause 3 of the Bill withdraws with two very slight amendments the original Section 22 of the Ordinance as passed in this House on the 13th December, 1982. The original Section 22 faithfully reflected the special recommendations of the Select Committee as contained in paragraph 9(ix) of the Report dated the 11th April, 1983. Of the two slight amendments I have made to the original Section 22, Mr Speaker, one is contained in Section 22(1)(b) (i), I have omitted the words 'into a unit that is substantially a larger unit than it is before the alternations' and substituted the words 'into a unit that is the same or larger than before the alterations'. The reason for this, Mr Speaker, is that it may be physically impossible to reconstruct a unit that is substantially larger than before and it is felt sufficient that if the reconstructed unit is at least the same size, if not larger, than before the reconstruction process. The other slight amendment is to Section 22(3) where I have substituted the Director of Crown Lands for the Director of Public Works. Mr Speaker, Clause 4 of the Bill replaces Section 83 of the Ordinance. As it stands at the moment Section 83 repeals the whole of the Landlord and Tenant (Miscellaneous Provisions) Ordinance. If passed the new section 83 will repeal those parts of the Landlord and Tenant (Miscellaneous Provisions) Ordinance which relate to domestic premises. The part of the (Miscellaneous Provisions) Ordinance which relate to business premises will be retained and will remain in full force and effect. 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 find it very strange that the Government should bring a Bill to the House that removes an amendment passed unanimously at the previous meeting of the House and no word of explanation should be given in introducing this Bill as to why the reversal of policy. It is quite extraordinary. All that we have is a statement from the Hon and Learned Attorney-General as to what he is doing. We are able to work that out for ourselves quite easily without his help, we know what he is doing. What needs to be explained to the House of Assembly is why the Government is making a complete mockery of the process of this House. I have been many times in the House when the Government has defended itself in situations where Members of the Opposition have moved amendments, on the argument that it is not responsible Government to accept an amendment from the Opposition benches on the spot and that the fault lies with the Opposition for not giving prior notice. We now have a situation where an amendment which was put in writing by my Hon Friend, Mr Baldachino, on the 11th December, the Government had three months to study it, was carried unanimously on the arguments that were put in support of it in the House where the Government said that provided it was clear that it was the Rent Assessor who would be deciding what would be the fair rent for premises that have had improvements, then they could go along with it. There was, if you will recall, another amendment which we thought was quite innocent and which the Government refused to accept which would have given them simply information, it was an enabling clause in the Bill which would have allowed the Rent Assessor to keep a record of the rents that people are paying so that the Government would know what people are paying and do with it what it wanted if it wanted to do something but a Government that is concerned about preventing abuse of private property preventing rackmanism and preventing Gibraltar's housing shortage from simply resulting in a small minority enriching themselves, would want to be in possession of the facts so that they would be able to establish whether a serious social problem exists which requires action on their part and yet they refused that amendment, they refused that amendment which would give them that information. They accepted the amendment that they are now removing and as far as we are concerned the Hon and Learned Attorney-General has not given us one single reason why we should all now do a somersault having carried the previous amendment unanimously. We will certainly oppose this and we certainly have to ask ourselves whether there is much point in trying to make a contribution and to change legislative proposals brought by the Government if what is going to happen is that before they take effect, no doubt because of pressure from interested parties, the Government comes back and reverses its position. Well, they may reverse their position, we have no intention of reversing

ours and if this is going to be an inducement for speculators who will be able, whatever safeguards are put there about the nature of the property and the nature of the structural alterations and so forth, people who will be able to get out of having controlled property by doing some improvements to the property and then be free to charge whatever they want which is the important principle. We proposed an amendment which the Government accepted moved by my friend Mr Baldachino which gave the landlord the opportunity of obtaining a reasonable return on his investment because the Rent Assessor or the Rent Tribunal could fix a new rent which was not related to the rent of controlled properties but was related to the investment made by the owner of the property but with the new legislation that the Government is proposing and the one that was being introduced originally it means that the sky is the limit. Once the property is improved it is treated no differently from a property that has been newly constructed and there is no comparison between the cost of building a new property and the cost of improving an old one. Why should both be treated the same? And it is no excuse to say that this keeps faithfully to what the Select Committee recommended. Why should this be kept faithfully and everything else be ignored? The Select Committee recommended that rent control should be extended to 1954, why don't they keep faithfully to that? The Government of Gibraltar brought a Bill to this House in 1980, Mr Speaker, to extend rent control to all properties built after the war and a piece of legislation brought to this House initially to extend the protection to tenants has finished up giving no extra protection to anybody and removing the protection that existed from those that had it under the old law. They might as well do with the part of the Bill that applies to domestic tenants what they are doing to business premises. If they are so concerned about the recommendations of the Select Committee why are they not applying the part of the business premises? It is a complete charade, they have a Bill here in 1980, they set up a Select Committee which sits for two or three years, the members in the Committee then turn up here and argue against some of their own recommendations, the Bill is then passed in 1983 and nothing is done about it because they didn't have an office ready or they didn't have the people employed to do it and then when we finally think that at long last we have managed to make some impact on at least retaining some measure of protection which we considered to be fair to both sides, we think and thought that the proposal that we put which the Government accepted, which certainly didn't go anywhere near as far as their original 1980 proposals, simply introduced a safeguard so that if people had obtained old property and they put extra capital into that old property, the rate of return should be based on the amount of money they have put in not on what the property would have been worth if it had never been

controlled or what the property would have been worth if it had been newly constructed at today's construction costs and as far as we are concerned the first amendment the Government should produce is to remove half of the title of the Bill and stop calling it the Landlord and Tenant Ordinance and begin calling it what it is, the Landlord Money Making Ordinance because this is a charter for landlords to make money and I can tell the Government and I can tell the House and I can tell the landlords outside that as far as we are concerned, having seen the example of retrospective legislation, when we are in Government however long that may take this clause will be put back in the legislation using the Government majority of a Socialist Government back-dated to the day that it is being taken out and they can already start putting their money in the bank because they are going to have to pay it back to the tenants.

HON CHIEF MINISTER:

I wonder whether that last part would probably be held up if the Courts continue as they are now, of retrospection of that nature but, of course, the Hon Leader of the Opposition has got a good point, he has made a good point and I am the first one to say that the amendment that was proposed and I bear witness with my colleagues that I said that we could not say that we hadn't realised the implications of that law because of time. I have the letter here from Mr Baldachino dated the 11th December. There are problems and there have been problems and the Hon Member knows that there have been problems of ad hoc amendments, they have come from both sides of the House but at least we have got the responsibility and Hon Members have got the opportunity of proposing but in this case it is no question of not having been warned, of course, we were warned but let me say myself that I missed the bulk of the effect that that would have. I say so and I plead guilty if that is necessary. If I had known the implications of that which I should have known, I should have known but I didn't, I am speaking now for myself. I am perfectly honest in saying that if I had known what the implications were because the implications are of a retrospective nature, the implications were that houses that had been converted at considerable expense and had been de-controlled because of that were being re-controlled retrospectively, that was the effect of the amendment and in fact let me also say that having not been, the Attorney-General can bear witness of that, that having not been that there had to be a Landlord and Tenant Ordinance before the 1st July and that is why we are meeting before the end of June because he wanted not this section, that section as a matter of policy he is instructed to provide it but with regard to other matters which he has explained, he wanted a Bill to come here before the end of the month in order that we could

keep to the 1st July because, in fact, and in fairness, whilst the Government has been increasing rents, there has been a moratorium on landlords which I don't think is fair and therefore if it had not been for that opportunity that was offered of the fact that he had to bring a Bill, I would certainly not have brought the Bill to upset the amendment that was passed last time, I say that in all honesty. But having had the opportunity and having seen the effect of it and having had representations and I make no apologies about it, people have explained how they have spent £140,000 in increasing the number of units from, say, one case of four dwellings, one office and stores into seven good dwellings, having spent that kind of money, to go back and start de-controlling. I think the retrospection of it is what hit me as being most unfair.

HON J BOSSANO:

If the Hon Member will give way. The amendment that we passed the last time doesn't control the property in the sense of making it subject to a fixed rent laid down in the Ordinance, what it does is that it puts a limit to the amount of rent that can be charged and if somebody has spent £140,000 then they can make a case that they should be allowed to such a rent which bears a relation to the fact that they have spent £140,000 but if there is no control of any nature and nobody has got to justify anything to anybody, then the person who has spent the £140,000 may be able to charge £1,000 but the person that has spent £1,000 may also be able to charge £1,000 and in one case it is a ratio of 1 to 140 and in the other case it is a ratio of 1 to 1. Therefore what we were suggesting was the introduction of a concept of fairness as between the conflicting interests of landlords and tenants decided by a Government Officer, an impartial Rent Assessor.

HON CHIEF MINISTER:

There is one other aspect of the matter which is, of course, and this is a judgement which I think we reached, generally, that that amendment proposed by Mr Baldachino, would inhibit completely despite the fact that it was left to the Rent Assessor, would inhibit completely people spending money on premises which become empty which are derelict, spending money on them in order to be able to get a reasonable rent. I agree that the Hon Member says that people do not invest that kind of money in the hope that the Rent Assessor will increase his parameters. We are not dealing with a case in which there has been for a long time case law on which people can base themselves. The only comfort I get out of this difficult situation is the fact that, if it is any comfort at all, that in the United Kingdom exactly the same thing is happening with

Housing Protection Acts, with Tenants' Acts.

HON J BOSSANO:

And with Margaret Thatcher.

HON CHIEF MINISTER:

No, and before Thatcher, this goes back to 1925 when the first Rent and Mortgage Interest (Restriction) Ordinance Act was passed in the United Kingdom, this goes back then and the case law in that is really a mine for lawyers in the United Kingdom because it has been interpreted in so many ways and that is the reason. As I say, insofar as it is a reversal I accept that we did not see the implications of it well enough but if we had seen them we would have resisted the amendment. There was nothing sinister about that, it is much more embarrassing to bring back a Bill here to take away an amendment and it was done purely by chance because of the necessity of bringing a Bill before the end of the month. The Government could have easily resisted the amendment and it would have been just one more amendment of the Opposition that would have been defeated.

HON J L BALDACHINO:

Mr Speaker, when I saw the amendment that was going to amend the amendment I brought to this House and I gave notice on the 11th December, 1984, I wondered what type of defence the Government was going to make to this House to justify reversing the amendment that I had brought to the House. Mr Speaker, on the 11th December I went further than just giving notice of what I was intending to amend, I said then in my speech and I quote: "I am willing to clarify any point or go into more detail if the Hon Member opposite so wishes me to do". The Hon and Learned the Chief Minister, Mr Speaker, said: "We will be looking at the amendment that the Hon Member, Mr Baldachino, has suggested between now and the Committee Stage". Obviously, Mr Speaker, the Hon and Learned Chief Minister having said that, I don't know how they can come to this House now and say that they hadn't looked at what I was trying to amend or what my amendment really meant. And it also surprised me, Mr Speaker, because if the Hon and Learned the Chief Minister had looked at my amendment he would have found what he has called the implications that my amendment had because he said on the 11th December, Mr Speaker, and I quote: "Mr Speaker, there have been two Ordinances in the last couple of years that had a difficult birth, 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". Mr Speaker, if they

really want to get the Landlord and Tenant Ordinance right then they should have looked at my amendment, they should have realised what implications it had and then we wouldn't find ourselves in this situation. The truth, Mr Speaker, in my opinion is, that this is like my Hon Colleague the Leader of the Opposition has said, this is a Bill that really only gives advantage to one side and that side is the landlords. In my opinion, Mr Speaker, what has happened is that pressure has been brought to bear by the landlords, that is my honest opinion. Mr Speaker, there are rumours that the Government has brought this Bill because the Hon Mr Mascarenhas wanted to sell his house and the property was devalued because of my amendment. I would like the Hon Member opposite to clarify that point.

HON CHIEF MINISTER:

I can tell the Hon Mr Baldachino that Mr Mascarenhas knew nothing about this amendment until after I had instructed the Attorney-General to provide it and that when the matter was discussed he declared an interest and took no part in the discussion in case he might be affected.

HON J L BALDACHINO:

I thank the Hon and Learned Chief Minister for clarifying this point but that is the rumour that is going round. Mr Speaker, maybe the Government has made a mistake or has really overlooked what my amendment said but it is difficult, Mr Speaker, to swallow that because in the benches opposite we have the Hon and Learned Mr Perez who is a lawyer, and then we have the Hon Attorney-General who is the one who really looks after the legal position of the Government and then, finally, Mr Speaker, we have the Hon and Learned Chief Minister who is a Queen's Counsel and it is difficult to imagine how they could have missed the implications of my amendment.

HON CHIEF MINISTER:

We cannot all score goals at the same time.

HON J L BALDACHINO:

If the Chief Minister has really made a mistake or has really overlooked that, people may well ask themselves: "Could the Hon and Learned the Chief Minister have made the same mistake with the Brussels Agreement?"

HON CHIEF MINISTER:

I didn't give the Brussels Agreement as much attention as the

proposed amendment by the Hon Member.

HON J L BALDACHINO:

The Chief Minister said on the 11th December that he wanted to get this one right and we still haven't got it right. I think that what the Government really should do with this Landlord Money-Making Ordinance, as it was referred to by my Colleague the Leader of the Opposition, to repeal the Landlord and Tenant Ordinance and start all over again because they will never get it right, Mr Speaker.

MR SPEAKER:

Are there any other contributors? Does the Mover wish to reply?

HON ATTORNEY-GENERAL:

No, Mr Speaker.

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 E Montado

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 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.

THE LANDLORD AND TENANT (TEMPORARY REQUIREMENTS AS TO NOTICE) ORDINANCE. 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to make temporary provision in respect of landlords and tenants of business premises, relating to the periods of notice required to increase rents and terminate business tenancies, 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, by Clause 1(2) of the Bill this Ordinance if passed shall come into operation on the 1st July next. By Clause 2(2) the Ordinance will apply to every tenancy to which Part III of the Landlord and Tenant (Miscellaneous Provisions) Ordinance applies, that is, business, professional and similar tenancies. By Clause 3 of the Bill, Mr Speaker, where the landlord serves on a tenant of business premises a notice increasing the rent of the tenancies, no increase shall be due and recoverable for any period (a) prior to the date following the day of the coming into operation of Part IV of the Landlord and Tenant Ordinance, 1983, or prior to the date on which the notice is expressed to expire, whichever date is the later. Similarly, Mr Speaker, where the landlord of business premises serves on his tenant a notice to quit the tenancy, the tenancy shall not determine until (a) the day following the date of the coming into operation of Part IV of the 1983 Ordinance or until the date of determination specified in the notice to quit, whichever is the later of the two dates. Section 3(2) of the Bill, Mr Speaker, extends the provision of the Bill to notices served on or after the 7th July, 1981. Clause 4 of the Bill preserves the landlord's right to determine a tenancy if the tenant is in breach of any of the terms of the agreement with the landlord except, of course, Mr Speaker, a term requiring the tenant to pay an increased rent. Clause 5 of the Bill preserves the rights, powers, duties and obligations of landlords and tenants under any other rule of law or agreement. Clause 6 of the

Bill repeals the 1981 Ordinance. In fact, Mr Speaker, this Bill is almost an exact crib of the 1981 Landlord and Tenant (Temporary Requirements as to Notice) Ordinance whereas the 1981 Ordinance.....

MR SPEAKER:

May I ask, this is the Bill which imposes the moratorium on the old Ordinance, is that right?

HON ATTORNEY-GENERAL:

Limited to business premises and domestic premises the moratorium is lifted. 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:

This Bill reimposes the moratorium on business premises and lifts it off the domestic premises. Well, I don't see what the Hon and Learned Member is so overjoyed about. The House could expect nothing else from the Government other than they show much more concern for business premises than they show for domestic premises. We are not sure what the implications of this will be for the continuing battle that there has been between two groups of Government supporters, the landlords and the business premises occupiers but, clearly, given the conflicting interests of those two groups all of whom are on the same side of the fence, the Government has now presumably reintroduced the old Landlord and Tenant Ordinance for business premises until they decide what they are going to do with it and yet they are not prepared to do the same for domestic tenants which is what is required, that we should go back to the old Ordinance and, as my Hon Friend has said, back to square one. The Government doesn't even have, I would have thought, the courtesy to write back to us as we did to them when we moved the original amendment, Mr Speaker, explaining the kinds of problems and seeing whether there was a way in which the arguments which we have put which have not been answered could be reconciled with the arguments they have put and therefore as far as we are concerned we are abstaining on this because we really simply see this as an internal squabble in the right wing caste so you can sort out your own problems in that area.

HON CHIEF MINISTER:

Mr Speaker, the purpose of this Bill is really one which has been decided by the Attorney-General because he felt that the thing had to be properly cleared in order that there should be no difficulty about it. We expressed this at the last meeting when we did the other amendments to the Landlord and Tenant Ordinance. What we said was that having regard to the rather early stage of the new situation of an open frontier that a little longer should be required to see how rents settled themselves without the need of protection. In the meantime, of course, the tenants are protected until we see what the level of rents are. That is the purpose and we hope, certainly before the end of the year, the moratorium will finish and the level of rents with the added protection which has been given despite what Hon Members opposite have said, the added protection that has been given to tenants in respect of the rights and compensation in respect of tenancies that come to an end will then come into full force.

MR SPEAKER:

Does the Hon Mover wish to reply?

HON ATTORNEY-GENERAL:

No, Mr Speaker.

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 E G Montado

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 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.

The House recessed at 7.00 pm.

THURSDAY THE 27TH JUNE, 1985

The House resumed at 10.45 am.

MR SPEAKER:

I understand that the Hon the Minister for Economic Development and Trade has something to say.

HON A J CANEPA:

Mr Speaker, a number of points came up yesterday in supplementaries arising from Question No. 183 about the Vineyard Scheme and I have got some further information which I would like to give Hon Members opposite. I think it was the Hon the Leader of the Opposition who asked me about the question of the penalty of 50% of the difference between a higher price and the stipulated price in respect of re-sale and I said that yes, there was that penalty. Well, I want to make it clear that the penalty arises in the following way: The developer has to include in the sub-lease to the purchasers, he has to include all the conditions of the head lease which the Government gives him so that would be reproduced in the sub-lease but the penalty would not come to the Government, the amount involved would be to the developer. It is the developer when if somebody were to re-sell at a higher price who would derive the benefit of 50% of the difference in price. Turning now to the question of Casola's Building. The Hon Mr Feetham, I think he quoted from clause 3(a) of the agreement for a lease which roughly says that within thirty days the licensee shall submit a programme and timetable for the demolition of existing structures and site clearance. That goes on to say 'to be specified in the First Schedule' and if he looks at the First Schedule he will see that there is nothing in the First Schedule about demolition, what there is is site clearance so I was right when I said that that was in the context of site clearance. Therefore the question of the demolition of existing structures, that would apply, for instance, to the

roof of Casola's. If the developer wishes to retain the walls for refurbishment but to remove the roof, that would be seen in the context of site clearance. In the Government Notice on the project it said that Casola's Building was also available for development and at the stage of selective tendering the successful tenderer indicated that he would refurbish Casola's Buildings. That was accepted by the Land Board when he was selected for the second stage of actual tendering, that was accepted so therefore there hasn't been any deviation from the scheme. What the refurbishment will comprise is the following: fifteen units, those which are 3RKB, in other words, two bedrooms, they will be sold at between £16,500 and £19,000 depending on area; and 4RKB, in other words, three bedrooms, to be sold at between £20,000 and £24,000. Those prices are lower than the prices for units in the other blocks. This advantage in the price has not been reflected in the overall price structure but in the specific fifteen units that we are talking about and they will be built in the last phase of the development. That is the information that I have, Mr Speaker. If the Hon Mr Feetham has anything else that I haven't answered or when the Hansard is reproduced if he feels that I have left anything out then if he would like to write to me I will give him further information.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Carriage of Goods by Sea (Amendment) Bill, 1985; the Social Insurance (Amendment) Bill, 1985; the Landlord and Tenant (Amendment) (No 2) Bill, 1985; and the Landlord and Tenant (Temporary Requirements as to Notice) Bill, 1985.

This was agreed to and the House resolved itself into Committee.

THE CARRIAGE OF GOODS BY SEA (AMENDMENT) BILL, 1985

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 SOCIAL INSURANCE (AMENDMENT) BILL, 1985

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 LANDLORD AND TENANT (AMENDMENT) (No 2) BILL, 1985

On a vote being taken on Clauses 1 to 4 and The Long Title the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 G Montado

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

Clauses 1 to 4 stood part of the Bill.

The Long Title stood part of the Bill.

THE LANDLORD AND TENANT (TEMPORARY REQUIREMENTS AS TO NOTICE) BILL, 1985

On a vote being taken on Clauses 1 to 6 and The Long Title the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 G Montado

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

Clauses 1 to 6 stood part of the Bill.

The Long Title stood part of the Bill.

The House resumed.

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Carriage of Goods by Sea (Amendment) Bill, 1985; the Social Insurance (Amendment) Bill, 1985; the Landlord and Tenant (Amendment) (No 2) Bill, 1985; and the Landlord and Tenant (Temporary Requirements as to Notice) Bill, 1985, have been considered in Committee and agreed to without amendments and I now move that they be read a third time and passed.

On a vote being taken on the Carriage of Goods by Sea (Amendment) Bill, 1985, and the Social Insurance (Amendment) Bill, 1985, the question was resolved in the affirmative.

On a vote being taken on the Landlord and Tenant (Amendment) (No 2) Bill, 1985, 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 E G Montado

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham

The Hon M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

On a vote being taken on the Landlord and Tenant (Temporary Requirements as to Notice) Bill, 1985, 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 E G Montado

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 Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move: "That this House considers that no commitments should be entered into regarding the possible future joint use of the Gibraltar airport by Spain before the matter has been fully debated by this House". I do not propose, in moving the motion, to enter into a debate about the issue of the future joint use or the terms on which that might or might not happen because the purpose of the motion is much more limited and the House will recall that there have been two previous motions on the possible future joint use; one moved by my Hon Friend Mr Pilcher shortly after the 1984 election and one moved by me in 1980 following the 1980 Lisbon Agreement, both of which suffered the same trait of an amendment by the Government, in the first instance supported by the other six Members of the Opposition who were in the House at the time, in the second instance carried simply by the majority that the Government has and therefore there can be no doubt about where the GSLP position is. I think there is some confusion in our minds, at least, as to what the Government position is since the Government appeared both in the 1980 and the 1984 motions to support the GSLP thesis that Gibraltar's airfield is Gibraltar's airfield and not anybody else's and consequently any foreign airline wanting to use it should simply have the right to land here if it was in our interest because they were bringing more passengers and more economic activity but no other kind of right any more than if they were landing at Heathrow or any other airport. And yet there was this amendment introduced that talked about joint use if it was mutually beneficial which seems to us a contradiction in terms. However, as I have said, Mr Speaker, the purpose of the motion, really, is a parallel to that brought in respect of the Brussels Agreement when we asked the Government and the Government supported the motion, that no commitments should be entered into without the House having had the opportunity first. As far as we are concerned it was a very peculiar situation because whilst we were debating in the House the motion, Senor Moran and Sir Geoffrey Howe were in fact in Brussels agreeing to do the converse, that is, giving each other undertakings, and the House will recall the confusion following that as to whether there was a commitment given or whether there was an indication that because there was Government support the matter would be ratified in the House and there could not be, technically, an agreement until that ratification took place. I think the state of play today in respect of whatever it is that is going on as regards the use of the airfield is coloured by the same degree of confusion as to exactly how much has already been agreed or how much remains to be agreed.

There is one version that says that it is all over bar dotting the "i's" and putting in the commas and there is another version that says that it is all at a preliminary stage and there is still a long way to travel. We don't think that the motion should present any difficulties to the Government because we are not asking them to say whether they support the future use or do not support the future use but to say that they support the principle that there are certain matters which are of fundamental importance for the whole of Gibraltar and that we represent an important section of the community, we do not represent the majority but we represent an important section of the community as a result of the last election and that, therefore, Gibraltar should not be committed to a particular role which applies to the people sitting on this side as well as the ones sitting on that side, we should not be committed without having had an opportunity of arguing the case out here in the tradition of parliamentary democracy of which we have in Gibraltar always been justly quite proud, Mr Speaker. 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, let me say, first of all, that I very much welcome the simple way in which the Hon Member has brought this issue before the House. I think it has certainly helped to put the position of the Government better by not having a confusion or perhaps a repetition of all that was said in the last two debates which I must confess I have read quickly through except those general parts that have been marked out as being of particular significance. I am very glad that the Hon Member has addressed the House in such measured form because it helps me to explain the point of view of the Government also, I hope, simply in a way that people can understand it and know exactly what is going on. The difficulty about the question of what is going on and what is not going on is a very valid one. It happens all the time and I would like to say that I have made this point very clearly to the Secretary of State when he was in Gibraltar and I am not breaching any confidence in saying that whereas talking to him and talking to Ministers in the United Kingdom and talking to officials, myself and my colleagues whenever that becomes necessary, we are talking in terms of logical approach to matters, step by step studies of things, we have to contend with a country of forty million people, with all the media as we have seen it being put to one purpose now, nothing to do with us but which the whole balance of the use of television is now the subject of very much heavy debate in Spain but in that case there is not even a party difference, we have a

nation of forty million people where anything to do with Gibraltar is always top news, whereas to us when dealing with the United Kingdom as far as we are concerned it is all ours, in a way, in the United Kingdom whilst respecting our view and taking regard of everything, when the Secretary of State came from Lisbon he visited Gibraltar and then he went to Italy so to them, inevitably, it doesn't belittle the interest that they take but to them, inevitably, Gibraltar though important, very important and important to Parliament, is a continuing thing. To us it is very important but we haven't got the resources or the media. Ministers in the United Kingdom do not give press conferences every time they leave a building or every time they enter a building or every time they go round to one corner or round to another corner and, of course, we are bombarded continuously by the media for two reasons - (a) because it is very big and it comes from a big country, and (b) because even those who don't like to see this seem to have a masochistic interest in finding out how many things the Spaniards say about us most of which are completely incorrect and exaggerated. Take the question in point before the House, the 'El Pais' release and the Spanish Foreign Office reaction. I consider that to be pressurising us and not what it said about there being agreement. I can tell this House in all fairness that there has been no political decision of any kind taken regarding the future joint use of the airport, there has been none. How can you believe that - of course Members, I am sure, will take my word for it - but how can the people believe that when, first of all, you have the organ which is supposed to be inspired, according to the general media, by the Government and then you get a spokesman from the Spanish Foreign Office saying: "Well, you know, not quite, I don't know whether it is the autumn but if it is not the autumn it is the winter". That is really the difficulty and I appreciate and, I don't know how to put it, I commiserate particularly with the public at large who get excited so often on anything. Taking, for example, if I may say so, humbly, the other night's performance of a journalist supposedly an expert on international law but coming from Spain and giving the Spanish version of the Treaty of Utrecht. Well, that which has been ad nauseam repeated, that worried people. I was invited to explain what we understand to be the case and that comforted people and the pity of it all is that we are going to be in for a period of this kind of thing and we have - if we haven't been already - some of us are conditioned, I appreciate that everybody cannot be conditioned - but some of us are conditioned to resist these pressures, to keep cool and to make sure that things that we don't want to happen will not happen but that cannot apply to the bulk of people, I entirely agree. The most ardent supporters of mine at whatever level, ask me "It isn't true, is it?", they ask you in the street. If you say: "No, don't worry", they say: "Oh, that is alright". But you cannot run a place

and you cannot be in a situation as we are now with these kind of pressures particularly when we take, I don't take comfort or masochistic comfort but we seem to look for it. I remember in the days of the restrictions in the Franco era when the radio and television were 24 hours on Gibraltar, people saying they got heart attacks when they heard all these things happening and I said: "The best thing is to switch it off, you don't have to listen to it but if you want to listen to it and suffer, well, that is your business". On that note I would like to say that there has been no decision at all taken at a political level. There is a constitutional point in this matter which I would like to clear first of all, and here is where there may be a slight difference with the terms of the motion. The issue hinges in the day-to-day affairs on the Government's constitutional right to make its own decision on issues of this kind. There was also some doubt because of a phrase taken out of context or whatever about whether Gibraltar would have a referendum, there was going to be a transfer of sovereignty and so on, and the Secretary of State's reply did not seem to satisfy many people because he said: "Well, the way in which these things are done is you consult the Government of the day". But I ask, what Government of the day would decide on the issue of sovereignty? No Government would do that and therefore this idea that he has ruled out a referendum is complete nonsense, complete nonsense on which to play on the sentiments of the people and hopefully to play on the sentiments of the people in order to gear people towards one kind of party or to the other kind of party because that indicates that we are divided on the main issues and we are not divided on the main issues, let it be quite clear that we are not divided on the main issues but there is a process, as I explained yesterday in the question of the Hon Mr Pilcher on what happens about GATAB whether it is in the area of confidentiality at that stage or not. There is a process which has to be followed and which can only involve people who are prepared to be consulted and give advice on a purely confidential basis and we have to be careful. I know there is a basic difference on this between the parties and I think it is also useful that people should know what the basic difference is. I think the Hon Leader of the Opposition himself in a previous debate made the point very clearly where he said, and I think I have got the points on that one here, the Hon Member said, in the March debate: "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 clearly policy differences. There is no bipartisan approach, there is no support from this side of the House to the Lisbon Agreement", and, of course, we could add, "and there is no support on this side of the House to the Brussels Agreement". We accept that and we have to live with that. That does not mean that we don't

take into account what Hon Members opposite think when we see the whole picture but that is a clear difference and that is why there is this difference. It arises, Mr Speaker, in the Hansard of the previous debate, I think it was the 13th March, page 83, it is on the left hand column, half way through the big paragraph in the speech of the Hon Leader of the Opposition. Where does that difference take us? It takes us to the last motion of the House in which Hon Members opposite abstained because it was a motion that had been truncated and rehashed in a way that we could accept it, which said on the 13th March: "This House considers that Spain has 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". As I say, all Ministers voted in favour of that motion and the Opposition abstained. And the position is that the Government's policy on this matter remains as stated in that resolution which I have just read. Since that resolution was adopted, specific provision was made in the Brussels Agreement of the 27th November 1984, for the promotion of cooperation on a mutually beneficial basis on aviation matters among others. It is in this context that the current talks on air communications are being held and we have not reached any further on that except that there is a Technical Committee looking at the areas of cooperation. That Technical Committee would, as I said before, be a referendum to Ministers in the United Kingdom, to Ministers in Spain and to the Government of Gibraltar. Let me say also that I have made the position of the Government very clear on this matter as reflected in the resolution of the 13th March. But if as a result of these talks an amicable agreement can be reached with the Spanish authorities about the use of the Gibraltar airport to mutual benefit, we in Gibraltar should welcome it as should the people on the other side of the border. I again refer to the remarks I have made earlier to my answer given yesterday to Mr Pilcher's question on the GATAB possible involvement in this matter. When consultations with the Gibraltar Government take place, my colleagues and I will naturally study the proposals put before us. If we were then to consider that they should be accepted because they would be of benefit to Gibraltar, we shall so inform the British Government. If in our view such proposals were in any way to run counter to what we consider to be Gibraltar's interest we would make the necessary representations. That does not mean, in fact, it goes parallel, if I may put it that way, completely parallel with our recognition as to both the importance and the sensitivity of the issue but we believe that it is our responsibility, as the elected Government, to deal with it in the manner I have described and that this reflects, as the Hon Member has rightly said in his remarks at the time of the other debate, the constitutional position.

Therefore that is why it is, of course, impossible for us to accept the motion which has a pattern which I admire and recognise of the Leader of the Opposition in Opposition wanting to tie the hands of the Government in some of the matters that are, in our view, a matter which in the first place must be a matter for the elected Government. I think our record over the years, perhaps I might humbly say as a result of successive elections, shows that people accept that we make judgements and take decisions on matters affecting the interest of Gibraltar and that we have successfully safeguarded and promoted their interests and we would not do otherwise at any time. We continue and intend to continue safeguarding their interests as in the past in this matter as well as in any other matter. Because, as I have said before, the airport is a sensitive issue mainly because Spain does not acknowledge British sovereignty over the isthmus, I should make it clear that should any implication of this nature arise in any proposals that might emerge from the discussions on air communications, such implications should be resisted and I am certain that they will be. Any question relating to the sovereignty of Gibraltar are matters to be considered at Ministerial level and as has been made plain throughout this will be done against the background of the British Government's entire commitment in respect of the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Constitution. I think, perhaps, I should make a point about the phrase in the motion of 'joint use of the Gibraltar airport'. Because this phrase might in some people's mind have other implications, I wish to make it clear that what is really being discussed is, as far as we are concerned, greater civilian use of the airport and we will not be subject to any kind of preliminary agreement that impinges in any way directly or indirectly on the British sovereignty stand which I think has been repeated ad nauseum and I think perhaps the best proof of the British stand on this matter, the best proof of the British position on this matter was the offer in 1966, a formal offer in 1966 in the days of Castiella to take the whole issue to the International Court of Justice at The Hague. That in itself was, in my view and at the time people did worry, it was done with my consent, it was done by the Labour Government, it makes no difference but it happened to be done in the time of Mr Harold Wilson, now Sir Harold Wilson, with my full support because I felt if there was any doubt about this the sooner we knew about it the better and the significance is not the offer to take the matter to the International Court of Justice at The Hague, the significance was the Spanish refusal to accept that offer. With regard to the purely civilian aspect of the future use of the airfield our position, as I have said, is that advice to the British Government is a matter for us in the first place but, of

course, this would not preclude and, indeed, it is not precluding now, a debate in the House on such matters once they become public knowledge. So that, Mr Speaker, in order to make quite clear because of those reasons and I want the Hon Leader of the Opposition particularly to understand that, because we cannot go along with the terms of the motion and voting against it would be taken not in the terms of the spirit in which I have explained the matter, but it would look as if it was a negative attitude not to the motion, a negative attitude on the question of the airfield, of course, we can do no better than propose an amendment which "reaffirms the resolution adopted on the 13th March, 1984, to the effect that, in the view of the House, Spain has 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". Mr Speaker, I beg formally to move that all the words after "This House" in the motion be deleted and replaced by these words.

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

HON J BOSSANO:

Mr Speaker, on the amendment let me say, first of all, that in moving the amendment, clearly, the Hon and Learned Chief Minister has gone ahead with what he had planned to do before he came to the House and chosen to ignore totally what I said in moving the motion because I went out of my way to find out that the motion that I was moving had really nothing to do with the motion that was moved in 1980 because the motion was not about the future use or the non-future use of the airfield but as to whether the Government should commit Gibraltar to a particular policy without first defending that policy in the House of Assembly, that is what the motion is about. It happens to be the airfield, it might be the joint use of the dockyard by the Spaniards or anything else for that matter and therefore the amendment has nothing to do with the motion as far as we are concerned, the amendment is simply a reiteration of something that is already the policy of this House because it is the policy of the majority in the House and therefore we shall stick to the original position. We shall say on this what we said the last time it was brought to the House and what we said the first time it was brought to the House, that we will abstain on it because as far as we are concerned we are very clear what the first part of the motion says, the first part is GSLP policy. The second part to us is incompatible with the first. It may be like many other things that the Government appears to be able to say what to the rest of the world seem to be mutually exclusive things and they

seem to be able to live quite happily with it but as regards proposals for practical cooperation we don't see that there is any logic or any merit or any right in a foreign airline discussing with us cooperation in the use of our airfield unless we are then finishing, as I said at the time when I was interviewed following the last motion, if the scenario was that when we finished discussing how we were going to use the Gibraltar airfield we then go on to discuss how we are going to use Barajas and finish up discussing how we are going to use Heathrow, then all three parties in the equation are getting equal treatment. But if all we are going to do is allow foreigners to discuss the use of our airfield, then we consider that, in fact, to be giving other people a say in its use. If the first part says they have no say in its use then what are they doing discussing it? Why should we talk about an amicable agreement being reached on the use of our airfield? Why do we need anybody else's agreement as to what we do with our airfield? The airfield is an RAF airfield and it belongs to the British Government and was built by the British Government for military use. The civilian use of the airfield is a matter for the Gibraltarians and the elected representatives of the Gibraltarians, and the House will recall that after the Defence White Paper of 1981, in fact, the British Government was considering the possibility of civilianising the airfield and giving it to the Government of Gibraltar like they did with the Naval Dockyard. As far as we are concerned it is the military aspect of the airfield that is a matter over which we have no say because the Constitution provides for the United Kingdom to be completely responsible for the defence aspect of Gibraltar and we wouldn't want to change that. But on the civilian use if Iberia is interested in flying to Gibraltar or TAP is interested in flying to Gibraltar the Government of Gibraltar if it is a matter of saying: "We are going to have another airline coming to Gibraltar, how is that going to affect the existing operators?", then it consults GATAB, that is what it is there for. If we are going to have new services on the route we look at it purely from the point of view of the economics of the route and not on the nationality of the people providing the services and therefore as far as we are concerned this does not answer the motion and does not change the motion, it simply says that on the 13th March, 1984, we took a decision in this House and that if we are to vote today on the same decision we will vote the same way that must be patently obvious to the rest of Gibraltar without us telling them.

MR SPEAKER:

Are there any other contributors to the amendment? Does the Hon the Chief Minister wish to reply?

HON CHIEF MINISTER:

I would just like to say that I have taken note but, of course, what the Hon Leader of the Opposition has said really goes to the root of what I tried to explain as to where we consider it to be a constitutional right of the Government to proceed with the study of these matters and where the issues arise. I think the Hon Leader of the Opposition has over-simplified his reaction to the amendment. I think today he is particularly simplistic, simplistic as he normally is when it suits him. There is a reason why we should say 'any proposals for practical cooperation', there is a reason - (1) the fact that for 20 years we have been under siege; (2) that there was the lifting of the restrictions, and (3) that there is the Brussels Agreement which says that there should be cooperation in matters of aviation. Those are the reasons why, in fact, in anticipation, because the reaffirmation of the motion was done at the time of the Lisbon Agreement and we have moved further from there to the Brussels Agreement which specifically mentions this, that is all.

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

The Hon A J Canepa
 The Hon Major F J Dellipiani
 The Hon M K Featherstone
 The Hon Sir Joshua Hassan
 The Hon 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 E G Montado

The amendment was therefore carried.

MR SPEAKER:

Any Member who has not spoken and wishes to speak to the motion is free to do so.

HON M A FEETHAM:

Mr Speaker, every time that I hear the Chief Minister explain in the House Government policy, particularly in relation to matters which have arisen out of the Brussels Agreement, the more confused I get as to what is the Government policy because his explanations create so much conflict of interest between the sectors involved that quite honestly I am amazed. I am going to give the Chief Minister a few examples to show to what extent Government have got themselves in a mess and to what extent Government are, in fact, relinquishing the right which they have fought for for many years in defending the people of Gibraltar. He gave three reasons why this motion has to be supported in the way that the Government has phrased it and he said that for practical reasons the siege that Spain imposed on Gibraltar was a deciding factor in this, secondly, he said because Spain lifted the restrictions and, thirdly, he said because of the Brussels Agreement. Well, the people of Gibraltar were not responsible for the siege that a Fascist Government imposed on the people of Gibraltar and that siege was imposed because when the matter went in front of the United Nations at the height of the Spanish campaign, Britain stood firmly, as the Chief Minister has said, behind the rights of the people of Gibraltar to self determination, something which has changed drastically overnight because Sir Geoffrey Howe in his visit to Gibraltar said, in fact, the contrary, that the people of Gibraltar have got no right to self determination and that has come about arising out of the Brussels Agreement which has been signed which is seen to be the alternative which must now be classified as the Howe option as far as the self determination of the people of Gibraltar is concerned which takes us towards an economic integration with Spain. There is no other logical argument on that. And the next one is that, of course, we have got the Brussels Agreement. The Brussels Agreement which the Government has agreed to is cooperation, regional cooperation. A policy which twenty years ago was not possible and Sol Seruya despite all his opportunism in politics in Gibraltar today wanted to do regional cooperation with a Fascist Government which nobody in Europe wanted to cooperate with and now he is saying that he had the answer twenty years ago. Gibraltar and the people of Gibraltar would have been in favour of development provided that the British Government recognised quite clearly and categorically that the people of Gibraltar even within the constitutional powers which

they have over sovereignty, the people of Gibraltar can further develop their rights to the territory and the land which belongs to them and nobody else in Gibraltar. That is why when we talk in simple terms on this side of the House, when we talk in simple terms it is because we are simple people and we see the thing very simply and it doesn't need the Chief Minister or any other international lawyer to come to Gibraltar to explain to the people of Gibraltar that acceding cooperation on something which belongs to us inside the jurisdiction that belongs to us and that is to say that whilst we have got a little jurisdiction over the airfield in terms of the civilian use, that by re-phrasing and saying 'cooperation mutually beneficial to the people of Gibraltar' we allow anybody, a third party, which has got no right because I don't want any rights on the other side of the frontier, all I want is to stay with what I have got. The danger is that if we take that process which the Chief Minister is encouraging and we allow some kind of cooperation on this side of the fence, we are getting ourselves into a position, possibly, that is why on this side of the House and the GSLP in Opposition and indeed if we were in Government we would not accept that because in ten years' time or even less than ten years' time the Spaniards who are now in Gibraltar on a possible kind of cooperation using the airport will further argue that they have achieved acquired rights and that there is no argument about it, they will acquire certain rights in this mutually beneficial situation which people want to develop. The thing is that if we are to be honest with ourselves and we have got to be honest with ourselves, there are two versions that one can argue. Is this in the best interest of Gibraltar or is it that what we are doing, in fact, is paying lip service but nothing is going to come out of it? If we are paying lip service and nothing is going to come out of it why doesn't the Chief Minister and all his technical committees which are sitting and with civil servants flying off everywhere, why isn't he quite honest and tell the Spaniards that this is not on, that nothing is going to come out of this because it is not in the interest of the people of Gibraltar? Why aren't we honest with our policies? Why keep the people of Gibraltar hoping about something or dismayed about something and even encouraging the Spaniards, for example, the Mancomunidad, that there is close cooperation. There is close cooperation on anything outside the limits of Gibraltar not inside the limits of Gibraltar because that is a dangerous game to play. I am not in any way questioning the issue of sovereignty in this matter but when we have got a British Government who through their own domestic policies are having financial difficulties and they start reviewing their foreign policy, even within their responsibility towards Gibraltar they will come up with ideas which will, from their point of view, help to sustain Gibraltar and their financial

commitment. It has been seen on the Dockyard, it has been in the way they are pursuing their policies, generally, that if they could come up with some other idea about mutually beneficial cooperation they may even suggest that the next step would be, for example, the dockyard. It is the same argument, you have used the first argument, you have accepted it and if it is seen through the next thing could well be that. These are the dangers that we on this side of the House see and quite clearly what we have got to get down to is less talk about cooperation, less talk about cooperation on matters which mean infringement where the Spanish Government can argue their case later and let us get on with settling Gibraltar's problems because Gibraltar has got an enormous lot of problems. Let us get on to the British Government and say to the British Government once and for all that if they want to use the Constitution of Gibraltar to suit their interests nationally and use the Ministers of Gibraltar simply, with respect, because under the Constitution which is there, if we were there we would be the same as them, if we are just going to be puppets, because that is what we are leading to, puppets of the British Government, then there is an urgent need to develop further the Constitution of Gibraltar and I will explain why I say this. If we have got a Gibraltar Air Transport Advisory Board which is there to advise the Government of Gibraltar on matters arising out of civil aviation and any other relevant issue where the Government and the Opposition are represented and the Chairman is the Deputy Governor, it would seem to me that if we have set that Board up as a democratic Board of the House of Assembly, that anything that needs to be discussed arising out of this, what we have here in front of us, ought to go to that Board. It is no good giving the explanation that the Chairman who is the Deputy Governor because it impinges on foreign affairs one can one day go off to Madrid, talk about the matters arising out of civil aviation as the representative of Her Majesty's Government in Gibraltar because that is what he is, and advising you of what is going on and ignoring the Advisory Board which consists of both sides of the House purely and simply because you were saying that we do not keep confidentiality. Well, if that is the case, do away with that Board, Chief Minister, that is what you should do, do away with the Board because you knew when you signed the Brussels Agreement that you have a machinery which is there, a machinery that you have set up and a machinery which you are denying certain rights to and at the same time you are playing the game of the Foreign Office and I am sorry to have to say that that is what you are doing, playing the game of the Foreign Office all along and it is getting to such a farcical stage, Mr Speaker, because this is just one stage of the whole process, that even in yesterday's questions and answers we had the Hon Minister for Tourism saying that in discussions with the Mancomunidad on development, tourist

projects, etc, both sides had decided to keep things confidential or that nothing should be released. What is it that we are playing at? Are we having a Government in office that their whole aim is that we have signed the Brussels Agreement, we have got to see it through, let nobody interfere with what we are doing, let nobody know what we are doing. But what we are arguing is that economically, socially, politically, we have got a right to know everything that is going on and it is no good talking about the Treaty of Utrecht in defence of this because we are quite clear on the Treaty of Utrecht.

HON CHIEF MINISTER:

If the Hon Member will give way. I only made that point as a complete side issue in respect of the argument about people getting excited, it wasn't in the substance and I don't think it is relevant really, I don't mind him saying so but I want to put it in its proper context. I only mentioned that as an example of how people get excited because somebody goes to television and says something which is different and it requires clarification. I wasn't attempting to lecture on the Treaty, I was only trying to allay anxiety.

HON M A FEETHAM:

Let me say straightaway that there is nobody on this side of the House that in any way disputes or is in disagreement with your interview on television. In fact, it is very much the view of the GSLP but it is certainly not the view of Sir Geoffrey Howe and it is, in fact, contradicting everything that Sir Geoffrey Howe said and it is about time in view of all these conflicts which are going on, a view which I sympathise with, let me say that I sympathise with the pressures that must be on the Government of Gibraltar at certain times, I sympathise with that, but isn't it about time that we started getting our house in order, isn't it about time that we started looking exactly which are the responsibilities of Her Majesty's Government, which are our responsibilities and whether there are enormous conflicts of interest between the national interest of Great Britain and the interest of the people of Gibraltar. That is where the conflict lies and at the moment there is nothing that we see on this side of the House that isn't playing to the national interest of Great Britain in our foreign affairs in relationship with Spain. That is why we get a little bit hot under the collar when we talk about these matters, Mr Speaker.

HON A J CANEPA:

Mr Speaker, I cannot agree with the Hon Mr Feetham that in a certain context Members of the Opposition have a right to

know about everything. Perhaps one should even go further and say that in a certain situation, in certain circumstances, the people generally don't have a right to know about everything even matters affecting their future and that is the lesson that we learn from history, that is what we learn about the exercise of government in democratic nations in a situation of emergency. Very often during the second world war the House of Commons used to sit in secret because the matters that were being discussed were too weighty to allow the public and through the public the enemy to have information about what was being discussed and I don't think that the principles of democracy require that Members of the Opposition should be privy to all the information which the Government has at its disposal and should be privy to details of negotiations which are in the process of reaching conclusion. The art of diplomacy as practised even by democratic countries does not include the divulgence of such information so, as a principle, I think the Hon Mr Feetham is wrong in that respect. I think to say on the one hand that we are playing the game of the Foreign Office all along and on the other hand to point to the fact that the Chief Minister expresses disagreement with Sir Geoffrey Howe on the question of self determination on his interpretation about whether Gibraltar has a right to independence or not, that doesn't make sense, you cannot have it both ways. You cannot be saying that we are playing the game of the Foreign Office and at the same time be pointing out that there is disagreement. In a statement I think it was in the Panorama of this week, it makes clear how the Chief Minister considers that Sir Geoffrey Howe has got it wrong. Where I don't think Sir Geoffrey Howe has got it wrong is, and this is where I disagree again with the Hon Member opposite, is that the exercise of self determination on the part of the people of Gibraltar is a limited exercise. It is an exercise which is constrained by parameters which are laid down, for instance, in the preamble to the Constitution, that qualifies the exercise of self determination by the people of Gibraltar, which are also constrained by the reality of the Treaty of Utrecht because if we as a people don't like the fact that the Treaty of Utrecht has got an option clause whereby it is Spain that must be given the first option, we don't like that as a people because we have got aspirations of nationhood, we have got the natural aspirations which any people would have in respect of our own affairs but nevertheless that same Treaty is also the Treaty that gives rights to Britain in regard to sovereignty over Gibraltar. We cannot have it both ways, you cannot look to Utrecht as being the foundation for British sovereignty over Gibraltar and not accept some other clause of the Treaty which is a reality. We have our own views about that and we naturally argue that here you have got an option clause that does not take account of the reality that the people of Gibraltar are

a definite entity to be taken into account in this day and age and who weren't there in 1713 when the Treaty of Utrecht was signed. We have got acquired rights over our land through being born and through living here in successive generations. Of course, there is the question of the 1967 referendum, that was an exercise of self determination but, again, a limited exercise. The options were limited, we were not asked to decide between option (a) and (b) and (c) and (d) and (c) and (d) being independence for Gibraltar or integration with Britain, no, they were definite options and they were accepted by the people of Gibraltar. I don't know how much thought Sir Geoffrey Howe had given to the questions that were put to him, I don't know to what extent he was going on the basis of some brief of the Foreign and Commonwealth Office but my own understanding of the matter is fairly clearcut. I think that the people of Gibraltar do have the right to self determination in deciding whether they want to come under Spanish sovereignty and under British sovereignty. What the position is with regard to other choices I am not entirely sure myself, I would have to go by expert constitutional advice on the matter. The Chief Minister himself expresses the view that the option of independence with the Queen as Queen of Gibraltar, in his view, does not infringe the Treaty of Utrecht because in the Treaty of Utrecht the transfer was made to the British Crown so provided the Crown is still the Head of State of Gibraltar there is no problem about independence and even less about free association which we very much subscribe to. I think that, alright, we are in disagreement about the Brussels Agreement but there seems to be general acceptance in Gibraltar, by general I mean majority acceptance in Gibraltar, about the reality of the Brussels Agreement and the way that it is being implemented and I don't think that there is today a view in Gibraltar about regional cooperation such as there was twenty years ago. The essence of being successful in politics which is all about the public good, the bono publico, is judgement and timing, you have got to have sound judgement and you have got to know when things are well timed and when they are badly timed and I would say that the greatest virtue behind the AACR where we are preferred to others is that our judgement is better, it is sounder, we make fewer mistakes than other parties that have come and gone and parties will come and go and our timing is invariably better because that is why Mr Solomon Seruya today is not a Member of this House because his timing was cock-eyed, he was up the creek, but today there is a different situation and there are things that can be said and done in Gibraltar today that you couldn't say or do twenty years ago. In 1980 you could have a party in Gibraltar campaigning for autonomy within the Spanish State, in 1967 people belonging to that party had their yachts burnt and their property under threat and there were crowds demonstrating, that is an indication

of how things change. Last week in the Chronicle it can be suggested that Gibraltar should consider getting electricity supplies from Spain, twenty years ago you couldn't do that because the realities have got to be taken into account. Public opinion changes over a period of time. Where I think we are fortunate in Gibraltar and this is where the Chief Minister is perfectly right when he said in his first intervention, is that on the essentials we are united. My understanding by that is that we do not wish to see a Gibraltar that is Spanish, that may be unpalatable for the Spaniards, it is a reality, I think they accept that but on those essentials we are united. But why should we think that if we allow cooperation we are getting into a position as the Hon Mr Feetham affirmed, possibly, that the Spaniards will have acquired rights over the airport. I think he has got it wrong, you don't have acquired rights arising from use of something, you get acquired rights arising from control. If you control a site, if you control an activity you acquire rights but not because you use that arising from an agreement. Then he brought the point up about lip service. Are we paying lip service to whom? To the Spaniards in the exercise of the various matters arising from the Brussels Agreement? Perhaps we might be said to be doing that if we thought that nothing that can come out of the implementation of the Brussels Agreement is to the benefit of the people of Gibraltar but why shouldn't it be? Why shouldn't it be to the benefit of the people of Gibraltar to have cooperation provided that cooperation does not mean infringement, does not mean that we are in any way undermining the rights that we have or in any way giving a say by way of control by the Spanish authorities in the affairs of Gibraltar? I think there is a danger, Mr Speaker, that we can become too inward looking, I think this is natural, it arises from twenty years of a siege mentality because we have had people across the way there who have never changed for one moment in their ultimate objective to Gibraltar which I think the present Spanish Government doesn't, their objective is still the same, and their methods of trying to achieve that perhaps are more subtle and we certainly have to be on our guard but being on our guard does not mean that you eschew everything that comes forward, that is brought up, because there can be real benefits and real opportunities for the people of Gibraltar. I think what is necessary is that we have a balanced view, a careful view, that we go into matters profoundly, deeply, and only when we are satisfied that there is no danger should we agree to what may come out of the wash in the technical talks or discussions that are being held by officials. That is where I think that the amendment by the Chief Minister which reaffirms the resolution of last year, is a sound option, the principles there are sensible, the only thing is that it is us in the Gibraltar Government committed as we are to these principles, that must exercise the final judge-

ment and that we do in the exercise of the responsibilities that we have to the people. I take issue also with the Hon. Mr Feetham about the extent of Britain's commitment to Gibraltar and in respect of the financial role. Is Britain looking for ways and means of ridding itself of the commitment and is their attitude to the closure of the Dockyard and other matters, are they indicative of that? I don't think that we can on the one hand say that that is the case as far as Gibraltar is concerned and not consider what the British Government is also doing at the same time elsewhere, 8,000 miles away in the Falklands. The British Government with respect to the Falklands is being told by Labour Members of Parliament and by Liberal Members of Parliament that they shouldn't be spending all those millions of pounds on safeguarding the interests of 1,000-odd Falkland Islanders. They are being urged not to do that in Parliament because that money can be put to other uses. Where do the two things weigh up? Britain cannot on the one hand be acting dishonourably towards Gibraltar in trying to save what, in respect of the expenditure on the Dockyard? What is Britain saving compared to what she is spending on the Falklands? Mr Speaker, I don't think there is any logic in that.

HON M A FEETHAM:

Ask Margaret Thatcher. She is just saving face. They went to a war there, don't you remember that?

HON A J CANEPA:

I do remember and they acted very honourably and the Hon the General Secretary for International Relations of the GSLP, if he had been asked in March, 1982, whether he thought that Britain would go to war would have said that they wouldn't go to war, that they were going to sell the Falkland Islanders. They mounted an operation which was the admiration of the free world and they went there and today the people of the Falkland Islands are free under British sovereignty.

HON M A FEETHAM:

That is why they are spending so many millions of pounds over there or don't you realise that yet?

HON A J CANEPA:

But is it just political or is there also a sense of honour in the British Government which perhaps not all Governments might have? I don't know but I am very disquieted by what I hear and what I know is being said in Parliament and Hon Members opposite are also very disquieted about the commitment to British.

sovereignty over Gibraltar on the part of certain Members of Parliament. So for whatever reasons the fact is that we have got to judge the British Government by its actions. I don't know what their motives are, the motives of all of us here are to win an election because if we don't win an election you are not in office to carry out your policies. Let us not be hypocritical about that and, of course, because she had the courage to react in the way that she did against some of the Members of her Cabinet because the only hawk in that Cabinet was Mrs Thatcher and we know that, she had the courage to do that and it worked in her favour and a Government which appeared to be, in 1982, at that time, on the way to losing an election won the election. But the acceptance of that policy was seen in the way that the British people as a whole, including very militant left-wing trade unionists, reacted to the lead given by the British Government and that is the same, I think, with respect to Gibraltar. A British Government that gives a lead on the issue of Gibraltar would get the general support of the people of Britain but a Government led by people who are equivocal at best about their commitment to the Charter of the United Nations and to the rights that we are talking about that 30,000 Gibraltarians have, I don't know what would be the attitude of Britain in that. Let us keep a balance in this respect and ultimately and finally we are the ones who best know where our interests lie and we are not going to do anything with regard to the joint use of the facilities at the airfield which in our view on this side of the House runs counter to the public interest, we won't, and what we do we shall answer for at the next general election.

HON J C PEREZ:

Mr Speaker, I will try not to get excited since the Hon and Learned the Chief Minister has shown concern for those people who get excited but it is difficult after hearing the contributions on that side of the House. Mr Speaker, the Hon and Learned the Chief Minister has chosen to bring forward the debate on the airfield without, in fact, knowing the finer details of the end package because by amending the motion he is not committing himself to bringing that package to this House to be discussed by this House as is a normal democratic process in any democratic country anywhere else. He is disregarding completely the views of the Opposition which as the Hon Leader of the Opposition has said, commands considerable support in Gibraltar. Let me say, Mr Speaker, that the concern which we feel on this side of the House as to where the Brussels Agreement is leading us is a real concern. The Hon Mr Canepa has said that we are all in agreement that we don't want Gibraltar to be Spanish but the fact of the matter is and the preoccupation on this side of the House with the regional

cooperation that has been talked about is that included in the Brussels Agreement and included in the package of the whole Brussels Agreement and this whole process of friendship and reciprocity and talking together and thinking together, is the question of sovereignty which the Government itself has said that they have reservations on and that is part of the package and any steps that are taken towards the airfield, towards tourism, towards economic development, must be seen against that background because that is there hanging over our heads. I agree with the Hon Member that none of us want Gibraltar to be Spanish but the foresight that they are having is very short because the implications of that is that today it is going to be the airfield, tomorrow it might be something else and at the end of the day it will be a creeping attack on our way of life and it will be in a way where we will be losing ground and where we will be losing our negotiating position. Mr Speaker, I cannot understand why one should be looking at any use which belongs to one to the mutual benefit of others. I am sure that anybody who is the owner of property or the owner of a car doesn't look at his assets in the context of using it to the mutual benefit of others but to the benefit of himself. I am not saying that Spanish airlines should not be able to use the Gibraltar airfield but it strikes me that there is more to it than meets the eye when we have to use an asset which is ours and say that it must be used to the mutual benefit of our neighbours.

HON CHIEF MINISTER

That is what mutual means.

HON J BOSSANO:

We don't need their permission to do it.

HON J C PEREZ:

We don't need their permission, that is right. Mr Speaker, the implications of having the question of the airfield being brought now is clear. The process of osmosis which Senor Moran has been talking about is taking effect and, regrettably, it is being supported by the Government of Gibraltar. Just one more point, Mr Speaker. The visit by Sir Geoffrey Howe and the comments made by Sir Geoffrey Howe, however Members opposite want to interpret it, the interview that he gave to Clive Golt on GBC TV, it is clear that that is the Foreign Office thinking and instead of trying to interpret what Sir Geoffrey has said what we should be doing is trying to change Sir Geoffrey's mind and trying to get him to accept the interpretation of the Treaty of Utrecht which the Hon and Learned the Chief Minister

so ably exposed on television which we support and trying to change Sir Geoffrey's mind and trying to tell Sir Geoffrey that it is in the interest of the people of Gibraltar that he should say in public that he does support the right of self determination of the people of Gibraltar. That is what we should be doing, we shouldn't be coming here to this House trying to defend and trying to interpret Sir Geoffrey's comments as if they were not what Sir Geoffrey tried to mean, that he meant another thing.

HON CHIEF MINISTER:

If the Hon Member will give way just one moment. I never tried to justify Sir Geoffrey Howe, what he says he is responsible for. I am saying what I think I want, I am not justifying that. If he went weak in one way or the other, I don't know, he may have been told, all I am telling you is that I haven't come here to apologise for anybody.

HON J C PEREZ:

I take the point of the Hon Member but Mr Canepa was trying to do exactly that. Mr Speaker, we would have preferred to have debated, as I said before, whatever deal is struck in the future but, unfortunately, by amending the motion the debate has been pre-empted by the Hon and Learned Chief Minister and this House is not, it seems, going to have an opportunity to debate the very important implications that we see on this side of the House that could arise from an agreement over the airfield and I think that it is to the benefit of Gibraltar as a whole that this should happen. I think that the Hon and Learned the Chief Minister even though he has introduced this amendment to the motion should give a commitment to this House that before the Government backs any deal over the airfield it should be brought to this House and debated in this House, I don't see what the problem is. The Hon and Learned Chief Minister has been there for forty years and we accept that he is a very experienced man and he knows a lot about the issue but that doesn't mean that he knows best, there might be people on this side of the House that might have a view which might be convincing to him and he might adapt his position if that is the case. I think that the least he could do is give a commitment that if a deal over the airport is struck and the finer details are known that that deal should be brought here to this House to be discussed in this House before it is backed by the Government of Gibraltar. Thank you, Mr Speaker.

HON J L BALDACHINO:

Mr Speaker, the Hon Mr Canepa made a comparison between the

Falkland Islands and Gibraltar which I must totally disagree with. He made a comparison with the invasion of the Argentinians of the Falklands. There is a parallel before that, Mr Speaker. Before that, the policy of the British Government or the Foreign Office was to draw near the Falkland Islands to Argentina exactly the same way as they are doing now between Gibraltar and Spain. The only thing that faced them, Mr Speaker, was that they had a Fascist Government and not a democratic Government like we have now in Spain and they had internal problems and they invaded the Falkland Islands before they really got it otherwise it would have been just as easy as it is going to be for the Spaniards now if we carry on the road that the AACR Government is taking. That is the difference. Why Mrs Thatcher sent a Task Force to the Falkland Islands is quite obvious, Mr Speaker. Any democratic country would have done it, Mr Speaker, and especially the United Kingdom which is a defender of that thesis in the world, Mr Speaker. If she hadn't sent a Task Force she couldn't have stood up anywhere, including the United Nations, and say that we have to defend the whole free world. That is the difference, not because of the Falkland Islanders, it was because of the pride of the United Kingdom that she had to defend, that is why she sent a Task Force. The Hon and Learned the Chief Minister mentioned The Hague and he said that the important thing was the Spaniard's refusal to go to The Hague. I wonder if we would have the same refusal today when they have a democratic country, that is the question. I wonder if Senor Moran will not take Great Britain some time in the future to The Hague precisely on the issue that we are talking about today, the airfield, because if we accept the Treaty of Utrecht, Mr Speaker, like the Hon Member says that we must accept the Treaty of Utrecht where in part we agree and in part we don't agree, there is nothing in the Treaty of Utrecht about the airfield, Mr Speaker.

HON CHIEF MINISTER:

That is your interpretation.

HON J L BALDACHINO:

It is not my interpretation, Mr Speaker, because it is quite easy and it is quite defensible.....

HON CHIEF MINISTER:

Is the Hon Member aware of the arguments of the British Government for claiming sovereignty over the isthmus?

HON J L BALDACHINO:

I am not giving the interpretation of that side of the House, this side of the House or of the British Government, it is the interpretation that Senor Moran gives.

HON CHIEF MINISTER:

I am not interested.

HON J L BALDACHINO:

Mr Speaker, the Hon Member opposite must be interested because he has defended what Senor Moran has said about our wishes and he has said: "Even Senor Moran respects the wishes of the people of Gibraltar", and the interpretation that Senor Moran

HON CHIEF MINISTER:

I have not said that.

HON J L BALDACHINO:

The Hon Member has said it in this House and he has said it on television when he came back from the meeting they had in Brussels and he said: "We should now recognise that Senor Moran" - or words to that effect - "now respects the wishes of the people of Gibraltar". Senor Moran respects the wishes of the people of Gibraltar but not that they have a right over the territory, not that they have a right of veto over the territory but that they have a right of deciding what nationality they should be, that is the interpretation that Senor Moran gives to the wishes to the people of Gibraltar.

HON CHIEF MINISTER:

If the Hon Member will give way, this is very important. I haven't quoted today Senor Moran nor do I quote him at all for my stand in Gibraltar. All I have drawn attention to is that there is a difference of approach in the manner in which they approach the problem as between before and now. Of course Senor Moran wants Gibraltar to be Spanish, of course Senor Moran questions the British sovereignty over the isthmus, every Spanish Government has done so and every Spanish Government will continue to do so. We are not talking about that now. I have given that as an example of a change in attitude not in principle.

HON J L BALDACHINO:

It brings us precisely to the point of the airfield, Mr Speaker. What is meant by 'practical cooperation in relation to the use of the airfield must be of a mutually beneficial nature'? What does 'joint use' of the airfield really mean? If there was an Italian airline that wanted to come to Gibraltar would it be given the same facilities, would it be called the same thing, 'joint use'? There is a difference, Mr Speaker, between an aircraft coming to Gibraltar like any other aircraft from the United Kingdom or from any other part of the world which today the Spaniards could quite willingly do if they so wished but what really are the technical talks all about, Mr Speaker? I know that the Hon and Learned Chief Minister or his Government might not know the end result but I am sure they must know what is being discussed in the technical talks. Would it be acceptable to the people of Gibraltar, would it be acceptable to the Government if at the end, Mr Speaker, it would mean that a Spanish aircraft could land in Gibraltar, bypass our Immigration Office, bypass our Customs, go through a hole in the fence into a Spanish Terminal, would that be acceptable to the Government, Mr Speaker, handled by Spanish agents, handled by everything that is Spanish? Would that be acceptable to the Gibraltar Government, Mr Speaker, because if that is acceptable to the Gibraltar Government then what we are really recognising is that a Spanish aircraft has landed in Spanish territory and not in Gibraltar because that is what it means. It could be that between two nations we could have that relationship but the difference between Gibraltar and Spain, Mr Speaker, is that Spain is claiming Gibraltar as theirs and other nations are not so that could be of mutual benefit but to us it would imply a danger, and a recognition that Spain has a right to claim not Gibraltar but at least to claim the part where the airfield is. Mr Speaker, by amending the motion that my Hon Friend the Leader of the Opposition has moved it is quite clear to me that they would not like to bring to the House any agreement reached in the technical talks and that is why they have changed our motion to read precisely what we have said before in this House and which we, in part, agree with. I think it is a dangerous move if that were to happen, Mr Speaker, and it would not be of benefit to Gibraltar, it might be beneficial to Spain.

HON J E PILCHER:

Mr Speaker, I intend to make a short contribution on the issue in front of us but I think there are various points that cannot be left unanswered because I think they go to the crux of what a democratic society is and the right in that democratic society not for the Opposition but for the people of Gibraltar

as a whole to know what is going on and to have access not to confidential information whatever that may be, but to information that reassures them within a set-up of their lives and within a set-up of looking into the future. I was sitting here and I kept thinking of the predictable, Oppositions are predictable, Governments are predictable. The Hon and Learned Chief Minister said that people should not react to the press, they should not react to statements that are designed to pressurise Gibraltar into a certain pattern of thought. The article of 'El Pais', for example, has highlighted the discussions going on and the fact that there might be some deal in the situation. Therefore on this side of the House we try not to be predictable, we try to say to ourselves, well, rather than give emphasis to this type of pressure we will try and get a situation by which we try and reassure the people of Gibraltar that nothing is going on by bringing a motion to the House that is not intended to highlight or to discuss the points at issue which is exactly what the Hon Leader of the Opposition said, but rather that seeks to reassure the people of Gibraltar that if there is anything going on, certainly nothing will be decided before everybody has a right to get to know about it and discuss it. This did not happen because the Government has seen it fit not to accept a motion that merely asks the Government to do what a democratic Government should do which is to discuss things in Parliament and to hear what the Opposition have to say. The motion does not say that the Government has to listen and do what the Opposition wants it to do, all that it was asking it to do was to listen to a great majority of the Gibraltarians when the Opposition would voice their response and their thoughts on any package over the airport. The Government has seen it fit not to do that and have themselves opened up the debate into a debate discussing the use of the airport although, as the Hon Leader of the Opposition said, this has been discussed ad nauseum before and by bringing a motion that again reaffirms a resolution taken on the 13th March really brings out again and opens up the wounds which were made on the 13th March because there was a television programme on it, there was public discussion, on exactly the clause which they have reaffirmed which is that 'any proposals for practical cooperation in relation to the use of the airfield must be of a mutually beneficial nature'. This does nothing at all to reassure some of the people of Gibraltar, the people of Gibraltar which the Hon and Learned Chief Minister was referring to that stop him in the street and say: "But, surely, Sir Joshua, there is nothing going on". I think the example given by the Hon and Learned Chief Minister is that even ardent supporters of his party are worried and therefore I think the House should have reacted to this pressure, to this worry, not by discussing the matter again because I think both positions are perfectly clear but by saying to the

people of Gibraltar: "There is nothing to worry about, nothing is going on, we reaffirm not what Senor Moran is mooting or the Foreign Office is mooting but what Howe said that this is something which will be discussed in the future and before this is done we will get the impression of the whole of Gibraltar by discussing it in the House of Assembly". But the Government chose not to do this. I must at this stage say that I heard - before I move away from the actual discussion on the airfield - I think the thing that worries people is the status of the airfield, the fact that there might be a change of status I think reflected in my Hon Colleague's intervention about the Terminal in Spain, the La Linea airport, I think these are the things that worry the people of Gibraltar and I think to a point, the intervention by the Hon Mr Canepa can allay people's fears because he was clearcut in what his thoughts are but then we have to look at this in the context of previous debates that have gone on in the House, even previous to our coming into the House. The Hon Mr Canepa was saying that how could we say on this side of the House that the Government were paying lip service to the British Government and at the same time the Hon and Learned Chief Minister was disagreeing with comments made by the Foreign Minister. Well, this is very easy, the Gibraltar Government have been doing this for years, they have been playing both ways for years, they did it over the Naval Dockyard, they did it over the Brussels Agreement and they have done it subsequently for a number of years and I cannot feel reassured by the words of the Hon Mr Canepa because I don't know at what stage there is going to be U-turn and the Hon Mr Canepa is going to stand up and give us a different version explaining it because of the pressures of the Government, of the fact that we are a very little community, of the pressures of a nation, this is the fact of the matter. I was sitting here listening to the Hon Mr Canepa and it is a pity he is not with us at the moment because I remember, I went back in time and remembered a colleague of his, the then Hon Mr Xiberras, talking to me in school in my history lesson and talking of the divine right of kings, the divine right of kings by which they did not have to give explanations to people, they just decided what was best for the people given their judgement and this is exactly the feedback I was getting from the Hon Mr Canepa. We, he was saying, I suppose by 'we' he meant the AACR, we will given time judge what is best for Gibraltar and at that stage we will then tell the British Government what is good for Gibraltar and at that stage.....

HON A J CANEPA:

If the Hon Member will give way. The difference is that the lesson that history teaches you about the divine right of kings and what is happening today is that the same thing is only being followed by certain totalitarian states. In a democracy, such as in Gibraltar, we don't do what the kings used to do, we take into account the people and because the kings didn't take into account the people, now and again, deliberately they lost their head. We, voluntarily, after explaining to the people the reasons for our actions, we voluntarily, every four years put our heads on the block and if the people so wish they can cut those heads off. This is the difference, I don't think he was taught very good history, if he was he certainly wasn't taught constitutional history very well.

HON J E PILCHER:

I was in fact taught history well, it was one of my main subjects. That is the basic difference but it is the only difference, the fact that the AACR Government will have to go to an election in four year's time because I have been sitting here for the past two years and have slowly become more and more frustrated by the fact that the explanations coming from Government are less and less real, in fact, in some situations they don't even bother giving explanations.

HON CHIEF MINISTER:

If the Hon Member will give way. He is less than fair when we spent yesterday the better part of the day answering questions. You don't get the answers you want, of course you don't, that is why you put them but we give time and we answer questions and we give explanations. That is the democratic process, the discussion of different ideas and that is what the Hon Leader of the Opposition said on the 13th March.

HON J E PILCHER:

I think whether the questions were answered or not is a different matter altogether. I think in debate, in Bills, certainly in motions, the fact that the Government is moving away from what I consider to be a democratic process of discussion and moving into a dictatorial situation by which they have now come up with this red herring of exercise of responsibility, authority of Governments, constitutional rights, of course these are all true but these are all true after the democratic process of discussion has taken place. The Government has a right, this is what the Hon Leader of the Opposition was saying in March, in June and before that, that in the exercise of responsibility the Government takes a decision irrespective of what the people or the Opposition say but not before, they heard that. I think, unfortunately at least from where I am sitting in this House, the Government is not living up to its responsibility on democratic process and it is not good enough to say: "In four year's time I

will face the electorate and the people of Gibraltar can cut off my head or not cut off my head depending on the situation". I think when we are talking of matters as important, and I think my Hon Colleague Juan Carlos Perez put it quite well because I think the ultimate thing that is being talked about is the sovereignty of Gibraltar. The osmosis, the integration of the area is only the step that leads to the final decision and I am not saying at any moment that the Gibraltar Government has or will tell the people of Gibraltar and I accept that on both sides of the House there is unanimity on this but it is how we play the initial steps that is important and it is no good coming into Government and I know that the Hon and Learned Chief Minister thinks that we will never be over there but he repeats it so much that I think he is trying to convince himself but that is beside the point.

HON CHIEF MINISTER:

I say it every time you say you are coming, that is all. I will carry on saying that.

HON J E PILCHER:

The answer is that in two year's time if certain steps have been taken it is going to be virtually more and more difficult as time goes by and as steps are taken to revert the situation. I think the analogy can be drawn with the Dockyard. Once you have closed the Dockyard, once you have put down the trade, once the docks are changed, once the Naval Base side of it is closed it is very difficult to go back to the situation there was before and I think the more steps that are taken down the road of the Brussels Agreement, the more steps that are taken

HON CHIEF MINISTER:

If the Hon Member will just give me one minute, I won't interrupt him anymore but he has mentioned the Dockyard several times and with the greatest respect, whatever future the Dockyard has, our judgement was proved to have the support of the people of Gibraltar and the Opposition didn't.

HON J E PILCHER:

But it was on the Dockyard and it was discussed in the House of Assembly, the issue of the Dockyard in exactly the same way as the issue of the Brussels Agreement. It wasn't put to the electorate but it was discussed in the House and this is what the motion was asking for, for the matter to be discussed in the House. I am referring to the Naval Dockyard because I think we can draw an analogy between the position

adopted at one stage and the position adopted at another stage. The Hon and Learned Chief Minister gave three reasons why we must put in that clause on practical cooperation. He said (1) because we have been under siege, (2) because of the lifting of the restrictions, (3) because of the Brussels Agreement. I think it is not three reasons, I think one reason follows the other, that is a pattern, we were under siege, they lifted the restrictions because of the Brussels Agreement, that is the pattern, it is not that there are three distinct reasons, that is a pattern followed and it is only that they lifted the restrictions because of the Brussels Agreement, they only removed the restrictions because of the Brussels Agreement. We only have this clause in the amended motion because of the Brussels Agreement and this is what worries the Opposition. I think this is what worries a lot of people in Gibraltar and yet the Government have in this motion certainly done nothing to allay the fears of the people of Gibraltar and if my thoughts are anything to go by, I am not reassured by what the Government has done and I don't think a lot of people in Gibraltar would be reassured by what the Government has done. If I can just return to the beginning when I was saying that this red herring, this exercise of responsibility, this authority of Government to take decisions, how far along the road is the AACR prepared to take this? The Brussels Agreement was brought before the House and discussed, the Government did not like the reaction of the Opposition and that is perhaps why they are now a bit reluctant to bring things that are controversial because by discussing things and by highlighting things we get into situations where the people of Gibraltar start thinking about these things. How far along the road are you prepared to go? Are we going to discuss other things reaching up to the sovereignty without it being brought to the House by the Government exercising their right and their judgement?

HON CHIEF MINISTER:

I think I made it quite clear in my statement that there were principles which could not be decided without a referendum, not even just by discussion in the House of Assembly. The Brussels Agreement was not brought here for its approval before the Government took the decision to support it, it was brought here and it was carried by majority of the Government and it seems that it has met with relative acceptance if only by the fact that hundreds of people use the frontier both ways.

HON J E PILCHER:

That is irrelevant. I may be wrong or I may be right but

certainly from where I am sitting there is a pattern. The Naval Dockyard was discussed ad nauseum in this House and a decision was taken by the Government. The Brussels Agreement was a retrograde step, the Government of Gibraltar decided what to do, brought it to the House, we put our ideas forward but the decision had already been taken and no movement was to be expected from the Government and this is the reason why the Opposition walked out. But now we have the third step, the third step is that they are not even going to bring it to the House, an important matter like an agreement for the use of the airport is not even going to be brought to the House, we will probably find out from the Spanish media once the agreement has been reached and before agreement is arrived at in Gibraltar to make it public here, it will work that way undoubtedly and that stage is when we will find out and at that stage the process of democracy will have been broken in Gibraltar. I just want to make one final point and that is that we are continuously being reminded of what a responsible Opposition is. When we try to be a responsible Opposition by bringing motions like this to the House, we end up with egg on our face because rather than coming here and putting a fully fledged motion and really discussing the technical talks through the article in El Pais and through the leaks in the foreign press and the Spanish Foreign Office, rather than done that we have brought what we consider to be a responsible motion only to have, as I say, egg on our face and I think if this is the lesson that the AACR is going to teach us about responsible Opposition, about speeches made in the House by Sir Joshua, the Hon and Learned Chief Minister, as regards working together in apologetic things like tourism and things which, by the way, have not materialised because I have never been called to the Tourist Office to discuss anything at all but that is a side matter, I think at this stage if that is what a responsible Opposition is expected to be then we will have to see what we expect a responsible Opposition to be.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon Leader of the Opposition to reply.

HON J BOSSANO:

Mr Speaker, I think we have been obliged to do something that I said we were not going to do in my opening on the motion which is to discuss the merits or demerits of any change in the use of the Gibraltar airfield from the way that it is currently being used and the only reason why we have had to do it is because notwithstanding the welcome that my opening speech got from the Hon and Learned Chief Minister, he

clearly went ahead with what he had planned without taking into account anything that I had said. What I said was that the motion was not about the airfield and I repeated that in speaking against the amendment in essence. It is incidentally about the airfield because that happens to be the issue that there is at the moment under consideration and which has created a certain amount of disquiet and controversy in Gibraltar. The motion was about the Government of Gibraltar accepting once it has made up its mind but before it has committed itself, accepting that it should bring the policy for which it is responsible to this House of Assembly and defend it and explain it here and give us an opportunity of analysing it and criticising it. We are not asking for confidential pre-information, no, we are asking just like any law, just like the Government of Gibraltar produces Bills, that doesn't tie their hands, they come here and even when they don't have one single argument to defend what they are doing with a piece of legislation they still exercise their majority and pass it through so it is nonsense to say that I am trying to tie the hands of the Government with this motion, I cannot, they have an in-built majority, there is nothing I can do to tie their hands. What I am trying to do is make them act in a fashion which is consistent with respect for the institution of the House of Assembly and if there is a procedure in the House of Assembly that says that before the law of Gibraltar is changed the Government makes its policy public but then it brings it to the House and it doesn't become law until it has the approval of the House although in 99.99 of the cases we know that the fact that the Government is introducing the Bill is virtually guaranteed that the Bill will become law. There are very rare occasions when the Government amends legislation as a result of Opposition initiatives. I think the one outstanding example was the amendment of my Hon Friend Mr Baldachino and that suffered the fate yesterday and this morning of being removed from the statute book before it came into effect. There is no way that what we are doing here is saying to the Government of Gibraltar: "You need our permission to reach an agreement with Spain on the use of the airfield". No, what we are saying to them is: "You have got an obligation and a responsibility to come here and explain what is going to be done and why it is going to be done before it is done". It is no good coming and telling us after the event because then it is so much hot air. If it is difficult enough to shift you before you are 100% committed, it is impossible to shift you once you are 100% committed, there is no way at all that any argument that we can put to you can make any difference. We have seen other situations, the Government was committed to the commercialisation of the Dockyard and the Government found that we were opposed. The fact that we were opposed, and I am talking then

about the Members of the Opposition that were at the time in the House, didn't stop them accepting an amendment from me to the Gibraltar Shiprepair Ordinance where the funds would be limited to the money that was going to be used, part of the £28m that was going to go through the company accounts for the issue of shares and yet another part of the money, that that was going to be used for civil engineering works, was divorced because it was going to be spent on Government assets. I was opposed to the commercialisation and yet I made a proposal here which the Government accepted because they recognised that my proposal made the thing more workable than the way they had originally intended to do it. I don't think that there is a necessary conflict in the Government listening to other people notwithstanding the fact that it has made up its own mind because it is committed to a particular road. We are not asking to be involved in the negotiations under the Brussels Agreement because we are opposed to the Brussels Agreement. We are not asking to be a party of the bipartisan approach but let us not have any of this nonsense about confidentiality. The Chief Minister must be aware of the position of the GSLP and he must be aware that we have raised the matter with Sir Geoffrey Howe and we told Sir Geoffrey Howe could he explain to us why the condition that the British Government wants to attach to me is that if they tell me something I cannot even say what I have been told to the rest of my colleagues in Opposition and yet the Chief Minister was able to tell Mr Mascarenhas before he joined the House of Assembly of the fact that he had told the British Government in London that they could go ahead and sound Spanish opinion on the possibilities of advancing EEC rights. That was told confidentially to Mr Mascarenhas before he was a Member of the House of Assembly. I have been told by Sir Geoffrey Howe in front of my colleagues that one set of rules apply to the Chief Minister and a different set of rules apply to me, I don't know whether the Chief Minister would accept the same if the roles were reversed.

HON CHIEF MINISTER:

Well, let me tell the Hon Member that I am not aware, I wasn't told and I didn't ask to be told what he discussed with Sir Geoffrey Howe, that is confidentiality.

HON J BOSSANO:

Well, I suppose it doesn't make any difference anyway what we discussed with Sir Geoffrey Howe. It doesn't have the imprimatur of confidentiality in it because as far as we are concerned we are quite happy to tell everybody what we told Sir Geoffrey Howe, we didn't put any limitations and we didn't say the Chief Minister couldn't know and we are a party to

that and therefore we are free to say we are prepared to talk in the open without any need for confidentiality but I am not talking about that, I am talking about the fact that the Chief Minister must know, whatever he says in the House, he must know that the position of the British Government is that when they say they are prepared to brief me in confidence it is on condition that I don't tell any other Member of the House. How can Mr Canepa then say that if we want to find things out we should do it by accepting confidentiality and not through the Air Transport Board. It has nothing to do with it, we are not talking about confidentiality, we are not asking for the Government to give us advance knowledge but I can say one thing, the Hon and Learned Chief Minister has got the right to expect from Members of the Opposition that if he gives us a solemn assurance as he has done that no political decision has been taken on the future airfield, that we should take his word in preference to a report in a Spanish newspaper. He has got that right to expect that from us and we are prepared to give him that but he must also accept that how many times we do that is conditioned by what the newspapers in Spain publish and what eventually happens because in September, 1984, the newspaper El Pais published a great number of details of what actually materialised in November in the Brussels Agreement. One could have said that at the time it wasn't happening. Well, then they must have a guru somewhere in the headquarters of El Pais that can foretell the future that is all I can say, because they seem to be very, very accurate in their inventions and we must wait and see when the time comes whether in fact the scenario painted in El Pais coincides with the reality or not but the Hon and Learned Member must realise that if it happens and it does coincide his creditability in our eyes is damaged and is undermined.

HON CHIEF MINISTER:

If the Hon Member will give way. I accept what he says entirely and I accept, as I said to the House earlier on, that I did draw the attention of the Secretary of State of the difficulty of dealing with a nation, this is inevitable. I don't know what will happen, I don't know whether I will agree or I will not agree to whatever happens later. I can tell you now and I am very glad that the Hon Leader of the Opposition accepts my word, that there has been no political decision taken even though there was a suggestion in the paper that it had Spanish Government approval. Now I can tell you that, if something is done later which is contrary to what I think ought to be done then I will not be trying to justify anything, I will be on the side of the Hon Member's views on that matter if what is decided is not what I think ought to be

decided. The fact that they may anticipate certain things by leakages is a matter for them not for us.

HON J BOSSANO:

Well, I think as I said, Mr Speaker, initially, I accept entirely what the Chief Minister has said. I would not take the word of any Spanish journalist in preference to the word of any Member of the Government or the Chief Minister of Gibraltar, let me make that quite clear, but the point is that the Government of Gibraltar has not made up its mind. The newspaper indicated in any case that the British Government was already politically committed and the Spanish Government was already politically committed and it was a matter of detail that remained to be decided but whether it is a matter of detail or a matter of substance the point is that the substance of the agreement has already been revealed. We are not asking in the motion that the Government of Gibraltar should confirm or deny whether the substance of the agreement is as predicted in El Pais, we are not asking that, all that we are asking and all that the Government has denied us and we think it is a very serious thing to deny the Gibraltar House of Assembly, is that there should be a debate in the House before that package is put into effect. There will be a debate in the House even if the package is put into effect during the summer recess, let us be quite clear about that, because if the package is put into effect in the summer recess at the first meeting of the House of Assembly after the summer recess there will be a censure motion against the Government and the matter will be debated but it will be debated then in a situation where if we had one chance in a thousand of influencing the cause of events before then that one chance in a thousand will have been lost because the thing will be cut and dried and therefore we prefer to retain that one chance in a thousand however small it may be if we can and that is all that we are seeking to achieve and we regret that the Government has not been able to go along with us on this because it suggests that the pace must be moving fairly quickly if they feel that they cannot commit themselves to the matter being debated in the House of Assembly before it is signed, sealed and delivered. I think, Mr Speaker, I have said what I wanted to say really on the original motion but I feel I cannot allow some of the comments of the Hon Mr Canepa to go unchallenged because he seems to suffer from a blind spot. I am not sure if it is his blind spot or an AACR blind spot which he shares with his other colleagues, because I cannot put any other explanation on his apparent inability to see what is patently obvious to the rest of us in Gibraltar. He claims that the success of the AACR is due to the fact that they get their timing right and they make less mistakes than other people do.

I think that must rank as the joke of the century. But, of course, I don't know how he makes the comparison because in fact all that we have had in Gibraltar has been three years of a coalition Government and therefore I assume that he is saying that that coalition Government in those three years made more mistakes than the AACR has done in any other three year period, presumably that is the only criteria, I think he will have to wait until the AACR is not in office to see whether other people get things better timed or make less mistakes and until that happens there is no measure. But what the Hon Member clearly fails to understand and I think that is an indication not of them being in tune with the people but being completely out of tune with the people and, in any case, I am sure that temperamentally if on no other account he belongs to the school of thought that says that we must not simply be led by the people, that we are supposed to lead people and therefore it isn't just a question of saying: "We can now start cooperating because before people objected but now they don't". We must decide whether it is in Gibraltar's interests to cooperate and even if the whole of Gibraltar is going over in droves it doesn't change anything. The fact that people are crossing the frontier in greater numbers than they were before doesn't mean that there is universal approval for the Brussels Agreement, it means that it is logical that if the frontier is open that people should cross it just like it doesn't mean as some sources in Spain tried to deduce, that people are more amenable to Gibraltar becoming Spanish, it doesn't mean that.

HON A J CANEPA:

If the Hon Member will give way. Never for one moment did I talk about or imply in anything I said that acceptability was to be judged by the fact that people were crossing the frontier. We who were Members of the House of Assembly before January, 1984, voluntarily decided that we would not go over during the time of the pedestrian crossing. Other people were free and we told them that in our view what they were doing was wrong and we didn't subscribe to that. Likewise, we would act in any other situation where we consider that something is not for the general good, we would take a stand on the matter and the evidence is that we took it on another occasion.

HON J BOSSANO:

Mr Speaker, the Hon and Learned Chief Minister was the one who said that but what he said appeared to me to be compatible with what the Hon Mr Canepa had said in his contribution which was to say that the Party for Autonomy was able to stand for election a few years ago and yet before those same people had had riots and therefore what he was saying was that if there

is a movement and a shift on public opinion that gives you the flexibility to do things which you were not able to do in a different environment and therefore if you get the timing right that makes you a successful politician. So therefore it is in that context and in the Falklands context Mrs Thatcher is a more successful politician because she got the timing right and she captured the mood of the British people and it was right then to send the troops to defend the Falkland Islanders. If the mood of the British people had been different, by inevitable logical deduction and Mrs Thatcher was being as successful a politician, she should have handed the Falkland Islanders over and she would have been in tune with the mood of the British people. What I am saying is that that philosophy runs counter to what I know of the Hon Member, temperamentally if not ideologically, which is that if he feels something is right then he feels that one should stand up and say that even if the mood of the people indicate something different so I think there has been in his exposé of the reasons why the Government is able to move in certain directions now, it is running contrary to something that I have always detected in him and something which I tend to share myself in my own approach to decision making. But the position that we see coming to the movements that are taking place and the implications of the Brussels Agreement and the reasons why we oppose the Brussels Agreement, are related not to a view that the AACR is actively working to bring about a Spanish Gibraltar, that would be complete nonsense for us to suggest a thing like that, what we are saying is that the AACR either because they have got a blind spot or for reasons that we don't know about, are taking part in a process leading us in that direction, making that easier as a possibility. They seem to be the only people in Gibraltar who do not share this view or this analysis and they seem to be the only people because not only is it an analysis that is shared by a very, very large proportion of people in Gibraltar but it seems to be an analysis that is shared by everybody that comes from outside whether we are talking about MEP's, whether we are talking about Spanish journalists, whether we are talking about other journalists, everybody that I have talked ever to comes to the conclusion that we are on a road which can only lead oneway and that the process of osmosis is in fact what the Brussels Agreement is about and that if you are able to do things now which you were not able to do before that is a question of political survival.

HON CHIEF MINISTER:

May I just interrupt the Hon Member there because it is exactly a point I wanted to make and I didn't want to interrupt his line of thought. I am not speaking for my colleague, he

can speak for himself, but the difference in approach when he was saying that in 1968 you had riots and that sort of thing and then later on you had a party advocating for the autonomy of Gibraltar and nothing happened, the difference is not that the people are getting more used to it, the difference is that despite the worries now the worries in the 1960's about our being handed over to Spain were bigger than they are now, that is the fact, the people were much more concerned and I think I can speak with a little authority because I lived through all those years, the people were much more concerned about that. That is why, as my Hon Colleague says, that is why the concept of integration got support because they thought that that was the only anchor. Then later we had the preamble to the Constitution on which people put a lot of faith even though the commitment was there before but it is not because people are getting used to osmosis, people are more relaxed despite the fact that we will always live under this problem; unfortunately, we will always live under that. People are more relaxed because I think despite what may have been said and misinterpreted or interpreted I think the people now have got more faith because of the performance across the years of the British Government standing by the people of Gibraltar in practical, in economic and other terms the people are more relaxed now than they were in the 1960's or the early 1970's.

HON J BOSSANO:

Mr Speaker, we are analysing a phenomenon which is a matter of fact and in analysing that phenomenon the causes of the changing attitude is something which is a matter in dispute, that is, nobody is doubting that there clearly has been a change and people say it themselves, people say: "Well, for less than this they would have burnt Gibraltar down twenty years ago". The point is, of course, that there is a change in approach and the change in approach is a change in approach adopted by the Spanish Government and long advocated by the British Government as the more successful way for the Spaniards to achieve their objective or isn't that true? Isn't it true that since Sir Douglas Hume the advice given to the Spaniards was 'you must woo the Gibraltarians and the more that you attack them the more rebellious they get, you don't understand these people the way we do, we have had them as a colony for 270 years, you are using the wrong approach with them. So what you do with them is you pat them on the back, you give them a few sweeties and before you know where they are you have got them in your pocket. You talk to us about these things, we have long experience with the natives in Gibraltar', and that is the message. There are messages like that that have been floating a long time and some of us don't want to take the sweetie

because we are afraid that it is going to get stuck in our throat and we are going to choke on it, Mr Speaker, that is the difference.

HON CHIEF MINISTER:

I agree with that.

HON J BOSSANO:

That is the difference and I think that the Government - it isn't a secret anyway, I think that is one of the valuable things about the current situation, I think from our point of view, is that the Spanish Government is not pretending to be doing something different from what it is doing, the Spanish Government is making it clear that there has been a different approach adopted but the objective is still the same and that is a valuable thing. I think it would be more dangerous if they tried to give the impression that they haven't adopted a different method only, that they have also adopted a different objective and now they are nice to us because they have fallen in love with us.

HON CHIEF MINISTER:

They couldn't survive that.

HON J BOSSANO:

So it is to our advantage that we should have no doubt about what it is all about and in that context if we are sure that that is the scenario, if we all agree with that, then it requires much more than simply that we should be on our guard, as the Hon Mr Canepa has said, it is more than just being on our guard, we have got to understand that there are clear differences as my Hon Friend Mr Feetham has said, clear differences in the perspectives, the objectives and the long term requirements of the three parties involved; the British Government has got a responsibility towards Gibraltar and Gibraltarians which they recognise but which they would be happy to be absolved of if they could find a way of doing with the minimum of political slack and therefore every British Government and every British politician will say we would not survive the imposition of a settlement of the dispute with Spain on the Gibraltarians which was totally opposed by the Gibraltarians. They need, as a minimum, the Government of Gibraltar defending any deal like they needed it for the Brussels Agreement. Politically it would have been extremely difficult for the British Government and for Sir Geoffrey Howe to stand up in Parliament and defend the Brussels Agreement if there had been a situation where that Brussels Agreement was

opposed by the elected Government of Gibraltar and therefore the Government of Gibraltar carries the whole weight not just because we are saying we don't want to be a party to this. bipartisan approach because we disagree with the fundamentals because we agree that the Spanish analysis that this osmosis is accurate and we are not in the business of osmosis, we are in the business of reverse osmosis and because of that we don't want any part of it. The British Government under any attack from any quarter of press or politicians in UK falls back on the Gibraltar Government as its shield and that is what puts the Government of Gibraltar under this pressure from all sides but we.....

HON CHIEF MINISTER:

Doesn't the Hon Member realise that that is a very, very heavy responsibility and that we would not carry it if we were not convinced that what we are doing is right?

HON J BOSSANO:

I accept both things. I accept that it is a very heavy responsibility and I accept that they would not do it unless they were convinced that it is right but I also know in the twelve years that I have been here how many, many times on how many, many issues they thought they were right on something and they were proved wrong. They may make less mistakes than other people according to Mr Canepa but they make an awful lot of mistakes nevertheless and this one is too serious. This one, at least, we want to know what mistakes they are going to be making if they are going to be making a mistake before they make it because there might be one chance in a million, one chance in ten million that we might say something here that it might suddenly hit them was something that they had overlooked, then after listening to us they might still decide they are too committed having made up their minds, having told the British Government, having told the Spanish Government, they are too far down the road to do anything about it but we are not being given an opportunity which we feel we are entitled to on the basis that we represent a very substantial proportion of Gibraltar and we have been elected here to do a particular job and our job is not to run Gibraltar from this side of the House but our job is to ask the Government that before they commit Gibraltar down a particular road especially on something that could have very, very serious repercussions, even more serious than just doing something on Landlords and Tenants and on Landlords and Tenants we still get a chance to say something about it before it is law. We want to have a chance before the agreement is finalised, Mr Speaker, and we are being denied that chance and then all that we will be able to do will be to

criticise after the event and once that road is taken, as my Hon Friend, Mr Pilcher, was saying like the case of the commercial dockyard, there is no way that anybody could go to an election campaign in 1988 and say: "My policy is that we are going to re-open the Naval Dockyard", it's total nonsense. Whatever the situation is, whether the Government makes more mistakes in these four years than they have made in any other four year period and if as a result they lose the election it will be no consolation to any of us because the price of all those mistakes has got to be paid by the whole of the community, it doesn't make any difference who makes the mistakes, whoever makes the mistakes we all share the cost and therefore when it comes to making a mistake which is going to affect all of us we have got a responsibility to try and act as a controlling influence because that is what Parliament is on any executive, we have got a very small Parliament, in a bigger Parliament like the United Kingdom the parliamentary control over the Government is exercised even by some of the Government's own back benchers, in Gibraltar we have got the sole responsibility of doing that and we think we are being denied that process and we think that it is a sad day for Gibraltar and, indeed, for the AACR which has long fought for the process of the advancement of civil rights that they should be the initiators of this. We regret the situation very much.

Mr Speaker then put the question in the terms of the Hon J Bossano'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 E G Montado

The motion, as amended, was accordingly passed.

The House recessed at 1.10 pm.

The House resumed at 3.25 pm.

HON R MOR:

Mr Speaker, I won't keep you for long, that is what Henry VIII used to tell his wives 'I won't keep you for long'. Mr Speaker, I beg to move that: "This House deplores the fact that opportunities for students to obtain Government scholarships are less favourable in Gibraltar than in the United Kingdom. It therefore resolves that the present Scholarships Award System be abolished and that a similar system to that in operation in UK be introduced". Mr Speaker, as you can see, the motion first of all deplores the fact that our students are less fortunate as regards opportunities to obtain scholarships than students in UK. As we all know, our education system is an emulation of the United Kingdom education system and I am glad that we sort of copy the system and we do not necessarily follow the United Kingdom policy on education. I am saying this; Mr Speaker, because they have a rather interesting article on education and this is a Mr Gordon Donaldson, a member of the National Union of Teachers National Executive and he is quoted by this paper as having said: "Sir Keith Joseph is a remarkably honest man. At a meeting of the National Union of Teachers National Executive which he addressed he spelt out the Government's priorities" - and, of course, I am talking about the United Kingdom Government - "and their priorities are defence, law and order, preservation of the value of old age pension". There is no mention of education or employment. I would hope, Mr Speaker, that the Government here doesn't decide to follow UK policies and issue the Gibraltar Regiment with a trident missile or issue horses to the Police here. Mr Speaker, our students are prepared and orientated towards achieving the same standard as in UK and also they are graded exactly in the same way as is done in UK. Our own teachers are trained in UK and they learn the skills and techniques practised there and the teachers in turn pass on their expertise and experience to our students and ultimately our students produce good results. I have been impressed by the results achieved by our students and I have, in fact, said this before in this House. The results produced by our students compare very favourably, in fact, with those results that are achieved in UK. It is

therefore sad, Mr Speaker, it is very sad indeed, to have to say that when the ultimate stage is reached, when the student decides to specialise in particular studies and after every effort has been put in by teacher and pupil alike, we find that despite having done everything in line with UK practice, despite basing our whole system on the standards in the United Kingdom, at this point the students receive less favourable treatment than their counterparts in UK and all this is because of our Scholarships Award System, it is all because of an absurd and ridiculous pointage system. The pointage system is like a curse on the students, in fact, I would venture to suggest that because of the economic implications with respect to the granting of scholarships, I would say that the pointage system could be referred to as the 'curse of the Pink Panther'. Mr Speaker, a lot has been said about the pointage system but I believe that one of the most constructive documents on the pointage system is this document I have here which is a report on the awards system carried out by a sub-committee of the Gibraltar Teachers' Association. The membership of this sub-committee was composed of seven teachers from various schools and their aim was to evaluate the present Scholarships Award System and make recommendations to the executive committee of the Gibraltar Teachers' Association for possible change in future policy. It is composed of three parts; Section (a) deals with the shortcomings of the present system; Section (b) the changes to the present awards system which are recommended by this sub-committee; and Section (c) is the general argument in support of their recommendations. If I may, Mr Speaker, go briefly over some of their criticisms and suggestions. Part 1 which deals with the limitations of the present point structure. The first point that they raised is that some subjects are not offered in November and that therefore students who wish to re-sit to obtain more points have to re-take the subjects the following June. This, however, presents great difficulty for some students since in language subjects more than half the number of set texts are changed from year to year. This, in effect, means, Mr Speaker, that if a student is sitting for an English literature examination, for example, and the set text was on Julius Caesar, he could well find that the following year they are dealing with Chaucer or something else and obviously this presents great difficulty and loss of time in trying to catch up with the studies. The second point that they raised is that the pointage system works on allocating points to the different gradings and the points are: for an A grade you would get eight points; for a B you would get six; for a C you would get four; for a D you would get two; and for an E you would get one point. The point that they raised is that the single point allocated to a grade E makes no significant contribution to the number of points required to gain a scholarship since it is possible to obtain more than twelve points with two passes without taking into account a third pass at grade E. I was rather baffled when I read this the first time but when I looked at the points it is quite clear, Mr Speaker, that there is no combination of the figures that will give you twelve points if you count the one point given for an

E grade, you can get more or you can get less. So it is rather insignificant that you should allow one point for an E grade because it won't make any difference at all on whether you obtain a scholarship or not. The third point that they raised, Mr Speaker, is that the number of mandatory scholarships awarded has a direct bearing on the number of non-mandatory awards granted, thus the student with just under twelve points may be awarded a scholarship one year but another student with the same number of points may not obtain a scholarship another year which, in effect means, Mr Speaker, that one student can have eleven points one year and he could be granted a scholarship and a student in exactly the same position with the same grades would be denied this opportunity on another occasion. The educational constraints which the point structure offers is also highlighted here. The present system leads to distortion of subject choices at 'A' level. Subject choices are made more with the aim of maximising points than with a view to the best preparation for a university course which means, Mr Speaker, that the student is so conscious of having to obtain the twelve points that he chooses what to him appear to be the easier subjects and not the ones he particularly likes or has an inclination for. The obsession with examination drilling and the point system on the part of the student is detrimental to the enjoyment and deeper understanding of the discipline being studied. As such they provide a serious obstacle to intellectual growth and academic success, that is another of the points that has been raised in this report, Mr Speaker. The negative effect on students' attitude and performance is also highlighted and the present system causes disillusion and frustration in students who have a place at university but fall short of obtaining the required number of points for a mandatory scholarship. It also produces an unwarranted sense of failure on the part of able students who do not get the required points. This is unreal since these students are usually in the top 20% of the abilities range. They then come on, Mr Speaker, to the recommendations to change the present awards system and the first recommendation that they make is that as of a statutory right any student who has been accepted by a university and has the qualifications to take up that place should be granted the necessary financial means to pursue his or her studies. Similarly, as of a statutory right, any student who has been accepted by an institute of higher education to follow a course for which there is no provision in Gibraltar and has the qualification to take up the place should be granted the necessary financial means to pursue his or her studies. As you can see, Mr Speaker, the motion that has been presented today is endorsed by the report of the sub-committee of the Teachers' Association. I think, Mr Speaker, that the document clearly shows that with respect to this motion we clearly have the teaching profession behind us and who better than the teachers themselves to tell us what should be done with students. But one point which is far more important than everything I have said so far is the rather astonishing fact disclosed recently by the Minister for Education and that is, Mr Speaker, that if the pointage system is abolished and every student who obtains a place and is accepted by a university were

to be granted a scholarship, that this would involve an extra cost of £400,000 to the Government. If you consider, Mr Speaker, that at the present time the Government is spending around £350,000 on scholarships, then the real meaning of this figure is that less than half the number of potential students are getting an opportunity to study in the United Kingdom or what means exactly the same is that more than half the number of potential students are being denied the opportunity of taking up further studies. It is therefore difficult to understand, Mr Speaker, how the Minister for Education could say in a letter which appeared in the Gibraltar Chronicle of the 4th May, 1985, that it is not the Government's policy to deny individuals the right to aspire to higher education. It may well not be their policy but they are denying the right to students to take up studies in higher education. I can appreciate, Mr Speaker, that in order to meet what we are asking for in the motion, that this needs organising ability and as you know when someone is inefficient or shows lack of ability, there is a common expression which says that 'he couldn't organise a party in a brewery', that is also used in a more crude way and I would say that the Government is unable to organise a party in a brewery and I would not even say that the Hon Minister for Education is incapable of organising a party in a brewery but what I can say, Mr Speaker, is that the Minister for Sport appears to be incapable of organising a basketball game in a basketball court and because he happens to be also the Minister for Education it worries me. Mr Speaker, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the Hon R Mor's motion.

HON G MASCARENHAS:

Mr Speaker, the Hon Member has highlighted the report that was made by the Gibraltar Teachers' Association on the matter of scholarships. I wanted to refrain from using it in my intervention today because I feel that whatever the Gibraltar Teachers' Association, whatever recommendations they make as professionals, have to be respected but it is very easy to have power without responsibility and to make all sorts of recommendations when it is not you who has to come here in April to tax the people of Gibraltar. I would qualify that the report made by the Gibraltar Teachers' Association is pie in the sky and very commendable but I do not think that in today's society, in today's economy in Gibraltar, there is any possibility of being able to use it to its full extent. The reference to the single point allocated to the grade E is a case in point, Mr Speaker, and it is possible to obtain twelve points with just two passes without taking into account the third pass with a grade E, yes, that is not significant, we have worked out the mathematical combinations and that one point can never be that significant. I am not a

mathematician and all the experts tell me that you will find very few students who have failed to get a scholarship at least reach the twelve points to be able to get a mandatory because of one point, very rarely, and I have the list for last year.

HON R MOR:

If the Hon Member will give way. The point I am making is that it is arithmetically impossible if you have three subjects and you count one point for an E grade, it is arithmetically impossible to get twelve points.

HON G MASCARENHAS:

I am sorry, I don't quite understand, if the Hon Member will let me finish.

MR SPEAKER:

You will have the right of reply.

HON G MASCARENHAS:

The Teachers' Association indicate in their report that the number of non-mandatory scholarships are controlled by the number of mandatory scholarships awarded. This is quite true and it is a very valid point and something that we are quite aware of. I have said on many occasions that the system is not perfect and this is one of the areas which needs looking into but unfortunately the solution is, of course, funding. If we take the averages over the years you will find that it is pretty constant over the years and therefore, yes, it might be unfair on the one student who fails to obtain a non-mandatory because in that particular year there are more mandatory ones being granted, I accept that completely. The Teachers' Association also quote, and I would like to read this, Mr Speaker: "Obsession with examination drilling and the point system on the part of the student is detrimental to the enjoyment and deeper understanding of the disciplines being studied, as such they provide a very serious obstacle to intellectual growth and academic success". Beautiful, absolutely beautiful, that is a valid judgement on their part and as I said earlier, they are not the people who have to tax the people come April every year and it is very easy to make assessments of that which is perfectly acceptable from a profession who have education very deep down. The other thing that the Teachers' Association also recommend: "The demands made on students by university entry requirements can be a source of tension and anxiety and this problem is compounded in our own students by the point system" - the Hon Member has more or less said the same thing - "Evidence from research suggests that the test anxiety is one of the main causes of under-functioning and under-achieving by sixth form students". Again, this is absolutely fantastic, the only thing is what do we do, do we remove all the examinations?

Then how do we award scholarships? Mr Speaker, we have heard that the policy of the Opposition - the Gibraltar Socialist Labour Party - is to award scholarships to all those who can obtain a place in university and it follows from that that those students would obtain two 'A' levels. In the vast majority it is impossible virtually to obtain a place in a university or higher education institution in the United Kingdom unless you have two 'A' levels so it follows from that and that is a logical argument. I don't know, Mr Speaker, if my shadow on education is aware totally of the UK system. As a result of this motion, I have had to study quite substantially how the system works in the United Kingdom because I wasn't quite aware of it and it seems to me and not only to me but to a lot of educationalists in the United Kingdom that their system is far from perfect and even if ours is not perfect I certainly think that their system is neither better nor worse than ours but it is a system which is different. The mandatory awards in the United Kingdom are given only for first degree studies. In Gibraltar we have a substantial number of students who go on to higher education whereas in UK the funding will only be for first degree. If students were to leave their particular course at any time during the three or four years of that degree course, they have no right to appeal or even to change their courses. I can tell you, Mr Speaker, that here in Gibraltar we are very sensitive to the needs of our students and we find that on many occasions students who enrol for one particular course, after the first term and some after the first year, find that they have made an error and that they wish to change course and we tend to look at those bona fide students very sympathetically whereas in UK if the same thing happens the Local Education Authority which has made the grant would not fund you for a second one. Mr Speaker, I said that the UK system was neither better nor worse than ours but simply a different one.

HON J BOSSANO:

If the Hon Member will give way.

HON G MASCARENHAS:

You have the right to speak later but I will give way.

HON J BOSSANO:

I can speak after him but then he won't be able to answer. Can he explain how a system that is not better than ours costs more money because he has been arguing for the last ten minutes that we cannot afford to improve our system and now he tells us that we wouldn't be improving it?

HON G MASCARENHAS:

Mr Speaker, I have set out to make a point that the UK system might not necessarily be better or worse than ours, what I am saying is that it is different. Ours is by far not perfect, I admit that, and the case in point is the question of the ceiling that we set on the number of scholarships given in any one year and that might prejudice the non-mandatory applicants, I accept that, but within that system I think that we have a system which is tried and tested over the years and has been very successful for Gibraltar and if the Hon Member allows me to proceed I will make a further exposition why I think our system is that good although not perfect. Mr Speaker, the UK system is geared to meet present needs in a way that Government can exercise control over financial resources committed to higher education, these are no different to the realities of Gibraltar, they are governed as much by finance as we are. However, it is a fact that local authorities award a mandatory scholarship to those who obtain a place at university. It is also a fact that the number of places in university are controlled by the University Grants Committee so what happens is that the central authority actually gives the money to the universities in the United Kingdom and controls the number of places that they can give. Therefore, the Local Education Authority where the students make their applications are very strictly controlled in that they cannot offer any more grants than what the central government has made available to the particular university so it is a Catch 22 situation. The advice that I have is that the Local Education Authorities are empowered to give a discretionary grant to those students who do not obtain two 'A' levels and who wish to pursue non-degree courses but I have a quotation from the Guide for Students that I will read because I think it is worth reading, it says: "Things are getting bad. Do not assume that a three-year grant is your automatic right. In particular watch out that you do not lose your grant if you change course. Fundamentally, you are eligible for a mandatory grant if you are ordinarily (but there are problems of definition) resident in the UK" - they don't even know how to define 'ordinarily resident in UK' - "and have been so for at least three years and that he is doing a degree course or equivalent. Qualifying courses are decided by the Department of Education at the time. If you do not meet these conditions then the LEA can make a discretionary award but in the present financial climate are often not making any discretionary grants at all. Local Education Authorities do their best to class you as discretionary and so to avoid paying". That is the advice of a substantial book which is produced yearly for students.

HON J BOSSANO:

By the Students' Union.

HON G MASCARENHAS:

No, by the universities. Mr Speaker, whilst the United Kingdom, as I have mentioned, is also severely constrained financially and funding is a problem here in Gibraltar there is no difference. We have to exercise control according to our needs and to our resources but we have to do it differently. I would say, however, that our overall results are indeed better than in the United Kingdom. The Hon Member did say that under our present system we would be behind the number of students that are able to take grants up in the United Kingdom compared to Gibraltar. Well, I have statistics here, Mr Speaker, which will prove otherwise. The number of new awards in the United Kingdom during an average year, and this is the figure quoted in Parliament last year, is 11.1% of all students leaving school who go on to higher education and I must point out that the figure includes not only degree courses but non-degree courses, college of further education subjects, in fact, anything and everything that can be put in there to manipulate the figure to improve it. Mr Speaker, on the number of new awards made in Gibraltar the figure is 11.8% per annum and that excludes the Government training schemes within the Telephone Department and Public Works, the training schemes that we have. Yes, those are technical diplomas whereas in UK in the 11% they are including it. It does not include the Commonwealth Bursaries and does not include the Mackintosh Trust and the Gavino's Trust. I think it cannot be said that the UK system affords more opportunities because, unfortunately, in UK even those obtaining two 'A' levels are still not obtaining grants or university places whereas in Gibraltar if a student obtains the twelve points he will get a mandatory award under law and whether the Government has provided funding or not we will have to meet that scholarship. Mr Speaker, it is important to remember at the end of the day that it is the general body of taxpayers that foot the bill. The Hon Member has made the exposition based on the Gibraltar Teachers' Association and if what they propose were to be implemented even though it is highly desirable the cost would be even considerably more than what the GSLP policy is because the GTA go one further, the GSLP policy is that anybody who obtains two 'A' levels and obtains a place at university should go for higher education, the Teachers' Association go one further, they say that anybody wishing to go to higher education even if it is a non-degree course should be sent. I haven't worked out the figures as to what that would entail if every sixth form student were to ask for a scholarship even for non-degree courses but I have worked out the figures, two months ago, and I have had them up-dated and that figure is exactly the same, we still do not know what the results this year are but based on the premise that about seventy students would obtain two 'A' levels, that was the figure in 1984, assuming that seventy wanted to go to the UK the extra funding required would be £400,000 over and above the £350,000 which we are already funding. I would agree, Mr Speaker, that it is highly desirable but I also think that the Government has a responsibility to the vast majority of people in Gibraltar who do

not aspire to a higher education and who wish to train and study in some other field and that is why the considerable investment which the Government of Gibraltar, certainly the highest investment in education in recent years, the amount expended on the College of Further Education as from 1st April this year will be very nearly £400,000. So it could be said that rather than open a College of Further Education we could fund an extra thirty students for degree courses and deprive on present financial limits 700 or 800, figures still to be known, of the number of people who will take advantage of the College of Further Education, a College which will have no limits in the sense that any manner of courses so long as there is a demand will be carried out at that College. Unfortunately, the higher education candidates and subsequently students, are in a minority, it is the majority who fund the person who goes to university. I think that society, generally, in Gibraltar accepts that this should be so but what I cannot accept is that every single person who obtains the required two 'A' levels according to GSLP policy should be sent to the United Kingdom and that the general taxpayer should pay for it at the expense, and I call it that, at the expense of the vast majority of people who haven't got, and I will refer again to the grey matter, who haven't got the grey matter and who also need training and Gibraltar has a need for skills other than professional people and there are, certainly at the middle to the lower ability students who require training in many, many aspects and very sadly there is nothing in Gibraltar today and it is Government's intention to redress the situation with the new College of Further Education. Mr Speaker, I recall that two months ago a small group of sixth formers from the two Comprehensives wrote a letter to the Chronicle as a result of my appearance on television on the subject of scholarships. I have no doubt that they were politically motivated by an even smaller group and they quoted and it makes interesting reading that unless the present system was done away with they, and I quote: "would lose faith in Gibraltar and themselves". I replied to that letter and I wish to repeat what I said then: "That Gibraltar and the taxpayers of Gibraltar do not deserve a statement of that despondent nature particularly when the present system offers equal opportunity for all and means is not an obstacle". And I have to repeat that means is not an obstacle. Anyone obtaining the twelve points has to be sent to the UK for higher education, that is the law. My own sources from - I won't say where - but my own sources confirm that that is not the general feeling in the Comprehensive Schools, the subject of that letter. The finger was pointed at those borderline cases who do not expect to receive the twelve points and therefore some of them are looking through the whole issue from an egoistic point of view and others are very sincere. What I would like to mention here today is that the question of scholarships is not something that stands still, Government did carry out a review of the Regulations this year and we are certainly very conscious that if there is a need for more scholarships, if there is more money available, certainly

the twelve points system could become a ten points system, an eleven points system. There is scope for that and certainly this Government will not close the door to revising any Regulations in the future if it considers that it can afford it, that the community should afford it and that there is a need for those specialists which can only be produced by granting of scholarships. Mr Speaker, the Hon Member said that I am not capable of organising a basketball match. I don't know where he got that idea from, I haven't organised a basketball match for six years but I can tell the Hon Member that last night I presented the trophies in the junior championships held at Westside School and I can assure him that I was asked to referee once again. That is all, Mr Speaker.

HON J BOSSANO:

Mr Speaker, I would have contented myself with interrupting the Hon Member opposite but since he has preferred that I should not I am afraid he gives me no choice after the ridiculous and provocative things that he has said but to stand up and show him the error of his ways. I think the House would benefit and Gibraltar if we sent the Hon Member on a course himself to find out, if the grey matter that he has can stand the strain, to find out how the system works. He said that he had taken the trouble to find out how it works and he has shown himself how the system of grants works in UK and the Hon Member has shown (a) that he doesn't understand and (b) that he is totally incapable of following the logic of his own arguments. He started off and finished with an argument about financial constraints and in the middle of the sandwich he put an argument about the undesirability of following the UK system of grants because it was no better and no worse than ours, just different. The argument against it on the grounds of cost is the argument that it is better, that is why it costs more, it is better because it gives more people an opportunity. If the Hon Member is saying that if we gave everybody with two 'A' levels and a place in university a grant that would cost us £400,000, it must mean that it is costing us less now because there are people who could get a grant and who would get a grant in UK and who don't get it in Gibraltar. If they wouldn't get it in UK they wouldn't get it in Gibraltar if we moved to the UK system because, in fact, what the local authorities give are maintenance grants, the local authorities do not control entry into the university, that is controlled by the university.

HON G. MASCARENHAS:

By the central government.

HON J BOSSANO:

No, by the university committee it is controlled, the thing is cleared through UCCA, as the letter which he quotes from the students points out, and therefore if a university is given £10m a year from the central government it can afford to have ten places in biology or twenty places in biology or whatever.

HON G MASCARENHAS:

If the Hon Member will give way. The amount of money is not at issue, what is at issue is that if the central government tells them that they can only have 10,000 places for dentistry they are limited to that money and if he were in possession of the facts that I am in possession of the number of universities which are very heavily fined for going just one above the number set by the central authority and we are talking about 10,000 doctors or 10,000 dentists for the whole country. That is the purpose of funding.

HON J BOSSANO:

Mr Speaker, the central government, the politicians, provide the amount of subsidy because, in fact, the courses are subsidised in UK. What we pay is the maintenance of our students, particularly when we manage to obtain that the Gibraltarians should pay the same rates as UK students and not the overseas rate, we are getting education for our children subsidised by the UK taxpayers, we are not paying the full cost of the education. Is the Hon Member under the misapprehension that the amount of money paid by the Gibraltar Government to the university meets the full cost of education or doesn't he know that universities are subsidised in UK? They are subsidised. Therefore if we send somebody to study to be a doctor it doesn't cost us the full cost of training him to be a doctor, it costs us the maintenance grant and it costs us what it would cost to send a UK citizen. He doesn't pay the full whack that a foreign student does so we are getting subsidised education because under EEC Rules this is available to other EEC nationals although in practical terms I imagine that very few EEC nationals take advantage of it because of linguistic difficulties and because the secondary educational system in the EEC is not geared for university entrance under the UK system like ours is. We train all our children under a UK educational system to take 'O' levels and 'A' levels to get them into university. The universities then receive applications and they have themselves a screening process based on grades so if the grades that our students have got, irrespective of the twelve points, do not meet the criteria laid down by the university they get rejected and then they go through the clearing system and if they are lucky and they find a university running the degree course in the subject that they want to take which has got a standard which they can get over, they need to get over that obstacle, then they get in otherwise they don't so,

in fact, the twelve points system, which is what the Minister doesn't seem to understand, only rejects people who have been accepted by universities. If the Hon Member came tomorrow and said: "Right, I am scrapping the twelve points system", it doesn't necessarily follow that all the seventy people with two 'A' levels are going to get a university place because they may have two E's and they might not find any university prepared to take them with two E's and then it wouldn't cost the Government any money but what the Government is doing is that by having the twelve points system as an additional requirement on top of the requirement of academic ability, it means that those people who in competition with students from UK manage to get a place at university then find that if they were in UK they would get a mandatory grant because they have got the two 'A' levels and they have got a place and in Gibraltar they don't have a mandatory grant. The local authorities in UK in addition to the mandatory grants there are, as the Hon Member has said, discretionary grants and the discretionary grants are for the people who do not have the two 'A' levels or the people who do not get on to a degree course and those discretionary grants are under great pressure because the Conservatives in UK are cutting back on education like they are cutting down in other areas. Surely, the Hon Member doesn't think we should follow that example in Gibraltar because Labour authorities are prepared to put the rates up in order to make the necessary discretionary grants to students of lesser ability and they are having a big problem in UK because now the Conservatives are not even prepared to allow them that freedom, they are now having rates cutting and they are now being told that if they increase the rates they are either going to be taken to Court or their grants from central government are going to be reduced. The situation is that the education system is suffering and that is what the Hon Member is seeing reflected in the statement that he read from the universities which is, I think, a position that the Students' Union in most universities have been telling their students about for a number of years now that there is an enormous pressure from the central government for ideological reasons, ideological reasons that the Hon Member should not share unless he has changed his colours completely since he stopped being the Chairman of the GSLP because he certainly believed in what we were saying then and I cannot believe he has changed that much.

HON G MASCARENHAS:

I went on a course after I left you.

HON J BOSSANO:

Well, then I think it was a course to the detriment not a course for an improvement, Mr Speaker. I accept his argument if he comes along and says: "We believe it is a good thing, we believe that it is something we ought to do but we cannot afford it this year and we are going to try and do it next year". I might argue whether they can

or they cannot afford it because I think his figures on the cost are all wrong but what I cannot accept is that he tells me that they cannot do it because they haven't got the resources and that in any case they wouldn't want to do it if they had the resources because it is not that the UK system is better and that more children would get a better education, it is just that the UK system is different from ours. That indicates that they arrive at the same end product by a different route and that is simply not true and if he believes that to be true then the question of the financial cost is nonsense, it is irrelevant. If he thinks that moving to a system that says mandatory grants have got to be for people with two 'A' levels and a university place, if he thinks that that is no different from the twelve points system then the question of the money is nonsense because if you replace one with the other it wouldn't cost more it would cost the same because it isn't better it is different and that is why I interrupted him because I thought he was following a road, he was then at the middle of the sandwich, he was following a road which appeared to contradict everything he had said already. My astonishment was that he should finish back where he had started, he did a complete circle. He said everything was black, then he went on to say that everything was white and then he finished up saying everything was black again. We cannot accept that the arguments that he has put hold any water at all because at least his predecessors in the AACR administration have used the argument that the system that we have effectively gave the opportunity to go to university to all the people who could beneficially gain from it and then they went on to the argument in later years because this has been in the House as you very well know, Mr Speaker, since 1973, there has been a regular yearly event on this one, and then they moved on to the argument that in the current economic climate of the 1980's with increasing unemployment, the uncertainty of the Dockyard's future, the Lisbon Agreement not materialising, it was no time to make improvements, we could call ourselves lucky that we were preserving our social and our educational services as they were but let us not be told in the same breath that this is not an improvement that we are seeking and that we cannot afford it because it is an improvement beyond our means, either it has got to be one or it has got to be the other, it cannot be both. We think the Government would find that it didn't cost that amount of money because I don't know how the Hon Member does his sums but if we are spending £350,000 in financing students who are in years one, two, three and four of the course then I don't see how increasing the number of students in year one by doubling them increases the cost for the four years which is what the Hon Member is saying. The £350,000 a year that we are spending now is not on the students in the first year, it is in the students in the four years. If this September instead of sending thirty-five we send seventy we only double the first year students, we don't double the students in years two, three and four. The cost of £400,000 would be spread over four years it wouldn't be

the cost in one year. The Hon Member is giving the impression that he would have to come back to the House this year and vote an extra £400,000. That would not be the case unless he increased the four year students, the three year students, the two year students and the first year students all in September this year which he cannot do.

HON G MASCARENHAS:

If the Hon Member will give way. Mr Speaker, we have an average of 160 students there every year, those have still got to be paid for.

HON J BOSSANO:

I know, Mr Speaker. The students that we have at the moment cost us an average of £350,000 the Hon Member has said.

HON G MASCARENHAS:

That includes new scholarships.

HON J BOSSANO:

Yes, it includes new scholarships that is a relatively stable number, that is, if we have got, for the sake of a round figure, thirty people a year then in four years we have got 120. When we take thirty new ones there are thirty who complete their studies and we still have 120. If we took thirty more this year we would go up not from 120 to 240 students, we would go up from 120 to 150 students and the cost could not go up from £350,000 to £700,000 because we would be increasing the number of students by 25% and not by 100%. It would be 100% on year one but 25% of the total people in education in UK and therefore the figure is wrong.

MR SPEAKER:

It will be 100% in four years time.

HON J BOSSANO:

It would be 100% in four years time, yes, but not in one year.

HON G MASCARENHAS:

That doesn't matter, does it?

HON J BOSSANO:

It does matter because if the Hon Member says he cannot afford £400,000 he might be able to afford £40,000 but if he is saying that even if it cost £4 it is still not on

then it has nothing to do with money and then he shouldn't parade the argument of the long suffering taxpayers because the long suffering taxpayers, I am sure, begrudge their money being taken out of their taxes less if it is going to be spent on education than if it is going to be spent on many other things that the Government spends money on of which many people have very serious reservations.

HON G MASCARENHAS:

If the Hon Member solves the electricity dispute perhaps we will have the required funds.

HON J BOSSANO:

The Hon Member cannot solve the electricity dispute from this side of the House, Mr Speaker. The Hon Member would solve that dispute and any other dispute when he has the responsibility to do so in Government, that is the position, and in Government we may not have the kind of problems the Hon Member has on that side and then we may have money for this and for many other things, you never know. But the point is that we are pointing out that there are two fundamental arguments that have been put by the Minister responsible, one is the argument that the system is not better which I think is defeated by his own admission that if the mandatory scholarships were for two 'A' levels and a place in university it would cost more money and more people would get to university therefore that, by everybody's definition, is better if the object of the exercise is to give people an education at university and to give it to as many people as possible and we honestly believe that in Gibraltar the most important and the most valuable resource that we have are its people and that if one child in Gibraltar misses the chance of developing his talents to the full and finishes up doing a job that he doesn't like doing in a mediocre fashion the community has not gained, the community has lost. If you drive people into doing things that they don't like doing and which they have to do because they would like to go and study and do something else and they cannot because they have got eleven points instead of twelve, that person will never be a satisfied and a happy person and therefore will never be an entirely useful member of the community and it is a sound investment and most of the students that we send away, even the ones who cannot come back want to come back. I have said this many times in the context of this motion before, Mr Speaker. In that respect we can be quite relaxed about the brain drain because my experience is that there is a long queue of people wanting to be back in Gibraltar because they never settled down entirely or feel at home entirely anywhere else in the world and the only problem about coming back is that professionally they find that the opportunities are not here. I think we have an obligation to our children to give them the opportunity to develop their natural abilities and their intelligence and their talents to the full, that they

shouldn't be less well qualified or have less gainfully employed rights because they have had the misfortune to have been born in Gibraltar as opposed to having been born in the United Kingdom, that is the essence of the motion. A commitment that we will not be satisfied with less for our own. I honestly believe that the financial burden will not bear analysis, I honestly think Gibraltar can afford this and I think if the Hon Member does his homework better he will find that it is so and I hope the Government will reconsider its position and put this matter right once and for all. It has been kicked around now for twelve years, Mr Speaker.

MR SPEAKER:

Are there any other contributors? I will then call on Mr Mor to reply.

HON R MOR:

Mr Speaker, just a couple of points. I think that one of the main reasons why the Government is saying that they cannot meet what the motion is asking for is the question of funding. Well, Mr Speaker, what would happen if there was to be a sudden demand for extra electricity or a sudden demand for extra water or whatever? The Government would have no choice but to go and find the money and as my Hon Colleague, the Leader of the Opposition, was saying, there is no better investment, Mr Speaker, than that of investing in the future of our youth because it is the youth of Gibraltar who will one day have to take over and they have to be given the best opportunity possible and that cannot be just discarded in the manner it is being done by the Government on the basis of the requirement of £0.5m or whatever. The solution, I think, is to find the money and whatever effort must be made should be made, the same way as if you need water or if you need further electricity you would have to find the money. Another point I would like to raise as regards the pointage system, Mr Speaker. The Opposition's point of view is that it is the universities who should set the standard of acceptability of the scheme and we do not think that it should be the Government of Gibraltar who should do that and that is why we think that the pointage system should be done away with. The Minister for Education raised once again, because he had done so before in a letter to the press, that we now have the College of Further Education which will be there to take on students for higher education. Mr Speaker, I don't think it is clear yet as to what the function of the College is. We have raised this question before that the only new element with regard to the previous Technical College is that of business and commercial studies. I can tell the House, Mr Speaker, that even today it is very difficult to find personal secretaries and to find typists and as far as I know there is no likelihood of that happening very soon so, in fact, what exactly

is the College of Further Education expected to do in the near future? It may well be able to do what the Minister is saying in about ten years time but it is certainly going to take quite a while before it can become a proper College of Further Education in the sense that the Government intends it to be. I therefore feel, Mr Speaker, that I think the Government should vote in favour of the motion and that we should make an effort as it is very important for the youth of today that we should pass this motion in the House. 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 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 G Montado

The following Hon Member was absent from the Chamber:

The Hon E Thistlethwaite

The motion was accordingly defeated.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I would like to move the adjournment of the House to Wednesday the 31st July at 10.30 am. I have indicated already to the Leader of the Opposition the reason for that and that is in case we have got to bring any legislation before the summer recess.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Wednesday the 31st July, 1985, at 10.30 am.

The adjournment of the House to Wednesday the 31st July, 1985, at 10.30 am was taken at 4.30 pm on Thursday the 27th June, 1985.

WEDNESDAY THE 31ST JULY, 1985

The House resumed at 10.45 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, LVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone OBE - 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 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 feel sure that Members of the Opposition will accept that.

HON DR R G VALARINO:

Mr Speaker, at the meeting of the House held on the 31st October, 1984, in the context of the review of Social Security Benefits and contributions for 1985, I presented a motion proposing an increase of about 5% in benefits payable under the Employment Injuries Insurance Ordinance, an increase in contributions of 2p for each employer and employee. The motion was passed and at a later stage in the proceedings legislation was brought before the House to give effect to the proposed increase in benefits. Due to an oversight, however, the corresponding Order to give effect to the increase in contributions to the House was not put before the House. This motion is designed to rectify that omission. I am advised that the more appropriate wording for the clause relating to the commencement date of the Order would be: "This Order shall be deemed to have come into operation on 7th day of January, 1985", and I accordingly propose that subclause (2) of Clause 1 of the draft Order before the House be amended to read accordingly. I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon the Minister for Labour and Social Security.

HON M A FEETHAM:

I take it that these are the contributions which are already being paid by contributors?

HON DR R G VALARINO:

Yes.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move the motion standing in my name on the Order Paper: "This House resolves that the Pensions (Amendment) Regulations, 1985 (copies of which have been circulated to all Honourable Members) be given retrospective effect to the 16th day of August, 1977". Mr Speaker, the Regulations which have the sanction of the Secretary of State will be made by the Governor-in-Council. However, the approval of this House is necessary in order to give the Regulations retrospective effect to the 16th August, 1977. Under the existing Pensions Regulations, Mr Speaker, only full-time service under the Government of Gibraltar is taken into account as service for the purpose of the Pensions Regulations. By these amended Regulations account is to be taken of full-time service, part-time service or a combination of both full-time and part-time service. In the case of teachers, Mr Speaker, part-time service is defined as full mornings

or full afternoons during every working day of the week or continuous service on every working day of the week in any combination of full mornings or full afternoons as the Governor may approve with a minimum in each case, Mr Speaker, of ten hours per week. In the case of all other officers except teachers, part-time service is defined as service of not less than eighteen hours per week during the period 16th August, 1977, to 30th September, 1982, and service of not less than fifteen hours per week for the period from the 1st October, 1982. Mr Speaker, I cannot sit down without once again apologising to this House and to all the individuals who have been adversely affected by my delay, the inordinate delay in bringing this legislation before this House. Mr Speaker, the major part of the fault is mine and for this I am very sorry. I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon the Attorney-General.

HON R MOR:

Mr Speaker, I am delighted to welcome this motion. I am delighted because, as you know, the Gibraltar Socialist Labour Party has been consistently asking for this since 1974 and as you may recall

HON A J CANEPA:

You were not in existence in 1974.

HON R MOR:

Well, if I remember correctly during the debate we had on the motion here we did say that the first time the matter was raised was in 1974.

HON A J CANEPA:

The GSLP wasn't yet born.

HON R MOR:

I apologise for having misled the House, I tried it but it just didn't work. There can be no doubt, Mr Speaker, that this is yet another victory for this Opposition. It is, indeed a victory for the Trade Union Movement as a whole and it is really interesting to note that to get this legislation introduced we have had to wait eight years. If you recall, Mr Speaker, very recently legislation on the Landlord and Tenant Ordinance was very speedily, efficiently and expeditiously brought to this House in order to overturn a decision which was previously being taken on behalf of the majority of the people of Gibraltar and I think this is a sad state of affairs and it is typical of the confusion

which reigns with the present AACR Government policies. I have heard it said, Mr Speaker, at some time or other in the past, that the mafia rules OK in Italy and perhaps also in the United State of America. I do hope that we may never have to reach the stage here in Gibraltar where it can be said that the landlords rule OK. As I said, Mr Speaker, I welcome the motion and we will, of course, be voting in favour.

HON A J CANEPA:

Mr Speaker, I am glad to hear that the Hon Member from the Opposition welcomes the motion albeit with a political tirade. I am glad to see that the Opposition have scored a victory and I am even happier to see that the Trade Union Movement has scored a victory. May they enjoy many more victories such as this one. If it has taken eight years for this legislation to come before the House it is in no small measure due to the efforts that have been made on this side of the House and had those efforts not been made it might not have taken eight years, it might have taken sixteen years or it might not have come at all in spite of all the victories from the Opposition and from the Trade Union Movement, it might not have come at all. I regret the delay because it has been a cause of personal concern for me and bother and embarrassment. Embarrassment here in the House when I have had to defend the inertia of the system that does not allow on certain matters more speedy execution of decisions taken politically and concern about the amount of work that I have had to do behind the scenes to try and get this matter moving but all the delay cannot be laid at our doorstep, all the blame for the delay of the system such as I have mentioned it because some of the unions which are members of the Trade Union Movement have been the cause of the delay, not eight years perhaps but two or three because in some cases they were intransigent, in some cases they were difficult about it. If there is some good that has come out of the whole thing it is perhaps the fact that the delay has meant that we have been able to take care and mop up not just the question of part-time service involving eighteen hours a week but that in fact we have now been able to legislate for the more recent change which took place in the United Kingdom and have that reflected in our legislation, namely, lowering those eighteen hours to fifteen hours a week. As I say, I am glad to see that at long last the matter is here before the House and I can assure the Hon Member opposite of one thing, if he were ever to be in Government I doubt whether he would be able with all the victories that he thinks that he can score to stretch life and limb and sinew to get matters such as this one before the House quicker than what we have done. The frustration involved might soon disenchant him, something which it hasn't done in my case, there are on certain matters difficulty in processing matters. It is regrettable, it is regrettable because I know that a number of people in Government employment have been awaiting this and even though assurances have been given in the House that the matter would come here and I have had to give those

assurances because it is I myself who have had to stand up in debates on a number of occasions, on three or four occasions, to be in the firing line as I don't mind being but let him not think that it is that easy.

HON J BOSSANO:

Mr Speaker, I wish the Hon Member had in fact explained why it is not so easy. If the Government of the day enters into a commitment with its employees and then finds it cannot legislate to give effect to that commitment, it is a very peculiar state of affairs. And that it should take eight years as a result of straining every sinew and that if the Government hadn't strained every sinew it might have taken sixteen years or might never have come at all, that is a very serious thing because who is governing Gibraltar? These pensions are going to be paid by the Gibraltar taxpayers, it is not going to be paid by the British Government. I think it is very nice of the Hon and Learned Attorney-General to say that it is entirely his fault, it isn't entirely his fault, it cannot be entirely his fault, he hasn't been Attorney-General for eight years. We can hold the Government of Gibraltar responsible for it because they have been continuously in office since 1977. If they hadn't been we couldn't do it, we certainly cannot hold the Hon and Learned Member responsible for it because he hasn't been continuously Attorney-General for the last eight years. At one stage it was said that it was a question of too much work in the Attorney-General's Chambers, at another stage it was a question of having to clear it with the Secretary of State. As far as I am concerned, my understanding of what clearing it with the Secretary of State means is that this is a technicality but that there isn't anything that the Secretary of State can do about it because we had a situation here where in the Budget, Mr Speaker, last year the Government announced that pension increases were going to be cut by half the rate of inflation and in the course of twenty-four hours the Government changed its mind and the Government decided to do it without having to wait seven years to clear it with the Secretary of State so if nothing on pensions can be done without the clearance of the Secretary of State we would have had to wait seven years for that to be cleared and we didn't and that had a much bigger financial impact than this because in fact although there are some people who have suffered unnecessary hardship during these eight years and there may be some people who sadly are no longer with us for whom they are applying a retrospective pension, the reality of it is that the numbers of people involved are minute in the context of the bill for paying the pensions of the Gibraltar Government. We are talking about primarily, in fact, part-time staff in the non-industrial field in the nursing profession which is where the bulk of the part-time staff are and this is where in fact the initial claim came from. The initial claim came because the practice in the medical services has been that when nurses get married and start a family they have tended to go from full-time to part-time and then they lost their pension rights and this is

really where the pressure has been all the time for a resolution. On the industrial front, in fact, part-timers the bulk of whom are employed as cleaners in the Government have been pensionable all the time because the interpretation given to the law consistently has been that if you were doing a full-time job of eighteen hours or ten hours or whatever, if that was your full-time job then that was pensionable but if it was a full-time job split into two then it wasn't pensionable so we have had people who have been getting a pension for ten hours and people who haven't been getting a pension for eighteen hours. If we were talking about a major radical reform of the pension scheme in Gibraltar I would understand that this might need to be cleared because it might have financial implications for the stability of the Government finances and that the British Government have got a say in that sort of thing but we were following UK practice, the eighteen hours was a copy of the criteria used in the principal civil service pension scheme and I cannot imagine why a Secretary of State in the United Kingdom thinks it is good enough for an English civil servant to get a pension after eighteen hours and not for a Gibraltar and we have moved to fifteen hours because they have moved to fifteen hours. I cannot really believe that the fault lies because of the difficulty in persuading anybody outside Gibraltar of the reasonableness of this. The job of persuading the Government was done by the Trade Unions a long time ago. The Government was convinced of the validity of the claim before 1977 because by 1977 they agreed it, the claim had been going round for some time and eventually they saw that it was a small group of people, they were a deserving case, it was a reasonable claim, it wouldn't cost a lot of money, it just has taken an unexplainable amount of time to materialise and it certainly hasn't been explained today why that should be so and if it is such an uphill struggle to change something like this then I don't know what we would do if we had a major and radical unified pension scheme change which the Government wants to do, presumably that would take 160 years, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, like everything else there isn't really one reason why this has taken so long, it is a combination of reasons. First of all, it was tied up to the overall review of the pensions scheme which itself was taking a long time and it was the delay that made us take it out of the review and deal with it separately. That was one aspect. When we talk about the Secretary of State it looks as if we have to wait until he comes back from Vienna or from Milan to look at some papers. What happened with the pensions legislation is that it is overseen by the ODA because they have an overall responsibility and they want to ensure that any amendments are consonant with others. That in itself may or may not be a good reason but it exists and you have to clear it and you have to send it and, as I say, it takes some time and also, if I may say so, and I think my Friend has already pleaded guilty to the whole of it, there has been an element

of delay in the Attorney-General's Chambers at the time when they didn't have sufficient staff to deal with it. So really it is a combination of all. The intention of the Government has been there but it does, as my Hon Colleague said, it does lead to frustration when we want to do something and it takes so long to do it because the commitment was there. Anyhow, let us rejoice that at last we can put that aside and let us hope that the revised pension scheme on which work is being put on, I won't say it will not take so long because that would be an understatement, that it takes less time to produce.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

BILLS

FIRST AND SECOND READINGS

THE REGULATION OF DOCK WORK (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:..

Sir, I have the honour to move that a Bill for an Ordinance to amend the Regulation of Dock Work Ordinance, 1978 (No.17 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 ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, the present definition of the term dock work contained in Section 2 of the Regulation of Dock Work Ordinance 1978 excludes all operations conducted in respect of cargo from ships exclusively employed in carrying, inter alia, vegetables, fish and fresh fruit. As a result of the present wording of the definition, operations in respect of cargoes of fresh, dry and frozen vegetables and fresh, dry and frozen fish are all excluded from the definition of the term 'dock work'. It is considered, Mr Speaker, that the operations in respect of cargoes of dried and frozen vegetables and dried and frozen fish should come within the definition of dock work and that only operations in respect of cargoes of fresh vegetables and fresh fish should be excluded to bring it into line with fresh fruit which is already contained in the definition. That is the object of the Bill, Mr Speaker, which I now commend 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 M A FEETHAM:

Mr Speaker, just to say that we are in agreement with the merits of the Bill.

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.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should now resolve itself into Committee to consider the Regulation of Dock Work (Amendment) Bill, 1985, clause by clause.

This was agreed to and the House resolved itself into Committee.

THE REGULATION OF DOCK WORK (AMENDMENT) BILL, 1985

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:

Mr Speaker, I have the honour to report that the Regulation of Dock Work (Amendment) Bill, 1985, has been considered in Committee and agreed to, without amendment, and I now move that it be read a third time and passed.

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

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Can I just say, Mr Speaker, in passing, that I am glad the last Bill didn't take seven years to get through the House. Mr Speaker, I beg to move that: "This House notes -

1. That GBC is considering the introduction of Spanish language feature films supported by Spanish speaking commercialisation.
2. Considers that such a step could imply fundamental changes in the role and ethos of GBC.
3. Considers that the House of Assembly as the body representing the interests of taxpayers and licence holders has a right to express a view on the wisdom of adopting such a policy.
4. Therefore calls on the Board of GBC not to introduce such a policy until the House has fully debated the matter".

Mr Speaker, the purpose of the motion is a dual one, that is, it answers on the one hand the policy of the GSLP which has been reflected in previous motions, one in the last House of Assembly which was defeated by the Government, asking the Government to commit itself to a debate in the House before any fundamental changes took place affecting the airport, it is similar to the motion we brought to the House which was supported by the Government asking the Government to commit itself to a debate in the House before the Brussels Agreement was signed and therefore what the Opposition is saying on this issue as on other issues which we consider to be of public importance, is that even though at the end of the day the Government may not be able to persuade us to support it on a particular road it wishes to follow or we may not be able to persuade the Government to change its mind and not proceed, what we believe we are entitled to if the House of Assembly is going to have any meaning, is at least to have that opportunity given to us to have an explanation given to the House of Assembly and through the House of Assembly to Gibraltar for what is being embarked on and to give us an opportunity as representing a substantial body of political opinion in Gibraltar to express any reservation or doubt or concern we may have about it and the reflection of that policy is what brings the motion to the House. The specifics of the policy is that GBC has been a source of controversy for many years in the House of Assembly because of the cost to the taxpayer and the need of assistance from public funds. It has been highly criticised in the past by Members of the House who are no longer in the House and the GSLP made clear after the election its commitment to GBC and its commitment to retaining GBC as fulfilling a role which we consider to be important to the maintenance and

strengthening of the identity of the Gibraltarians and of Gibraltar as a community and of having to foot the bill. We think that that is money well spent. Nobody likes paying taxes and nobody likes paying out money and everybody given a choice wants to have his cake and eat it, would like to have whatever service is available without having to foot the bill. We consider that the service Gibraltar gets from GBC is a service on the cheap, that is, television is a very expensive business and the budget of GBC is minuscule in the context of what television costs and therefore within the constraints of the resources that they have we think that they do a very good job. If we are now going to find that the primary concern is to reduce the cost of GBC to the Government or to turn it round into a money-making asset, then it is just another business and therefore the primary concern and the parameters to which the Board of GBC would have to work to would be not whether what they are doing is going to be good for Gibraltar as a community but whether it is going to bring more money in or less money in and we consider the introduction of Spanish language films supported by Spanish language advertising clearly aimed at monolingual Spanish speakers, not bilinguals, so clearly aimed not at the Gibraltarian residents or the expatriate communities at the Costa for whom one could make some sort of case, one could say that one of the attractions of GBC to Costa residents who are monolingual English speakers and one of the attractions to advertisers is that the advertising reaches an audience in their language which cannot be reached through Spanish television. But if, in fact, what GBC is going to do is to undercut Spanish television by competing for Spanish advertising to Spaniards by offering cheaper rates, that policy may appear a very attractive one initially and may leave us high and dry eventually. Even on commercial grounds one must question the wisdom of doing that but we are concerned primarily in this motion and what the motion seeks to establish is that the Government accepts that although it is important to maintain the independence and impartiality of GBC on matters where there are ideological party political differences, where it comes to a responsibility from GBC to the House and from the House to the people then, clearly, we are the guardians, primarily the Government obviously because it is the Government at the end of the day that can vote the money, we might think it should be less or more, but essentially they take the ultimate responsibility for raising the money that GBC requires but they explain to us, to the Opposition at budget time, why they are putting so much money in the estimates for GBC and therefore to the extent that both sides of the House of Assembly are the guardians of the public purse then I think we have got a right to have our views taken into account in a matter which is not a party political matter. We have had no indication that this matter is being considered because it is AACR policy, it is being considered by the Board on its own initiative and independent of any directives from the Government, as we understand it. If it is a party political matter then it is up to the government to state what their political position is and we will then react to that. If it is something that GBC is doing on its own then what I think we want the

Government to do is to join us in reminding GBC that before they decide to do something which could cast the die in a particular direction, they ought to give us an opportunity of examining their motives for doing so and of expressing a view which then, presumably, they would be entitled to take into account or ignore if it is something that they are doing on their own initiative. I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon J Bossano.

HON CHIEF MINISTER:

Mr Speaker, at a later stage perhaps I will ask for your guidance because whilst the feelings expressed by the Leader of the Opposition are reasonably shared by us and I say 'reasonably' broadly, the motion notes a lot of things which may or may not be true and I think the main thing is the fourth paragraph, the operative one, the others are arguments and I have seen a tendency recently in his motions of putting all sorts of considerations a la United Nations where the consideranda is longer than the resolution. Let us, first of all, find what the GBC's functions are and give you some information of what the directions are in this matter. In the first place, under the Gibraltar Broadcasting Corporation Ordinance: "It shall be the duty of the Corporation to maintain a sound and television broadcasting service as a means of information, education and entertainment to develop the service to the best advantage and interest of Gibraltar". So, really, the main purpose there and one would not expect anything different, is the interest of Gibraltar. Then there is a provision later on that "subject to any directions by the Governor, the Board shall be responsible for the policy to be adopted by the Corporation in the provision of such services". Of course, the Governor means the Governor-in-Council and such directions are given from time to time because they are reviewed every year but really very little change takes place but they have directions which are really the charter under which they operate and the relevant directions for the purposes of this debate provide all the directions about political broadcasting and about all things which are not relevant here. The two or three general directions which I think are relevant to this case are, paragraph 8(ii) says: "Use of English - All political matter will be broadcast in English only unless incorporated in local news bulletins or news commentaries" - that is to say, if you are reproducing a Visnews of what somebody says in another language they are not going to stop it because it isn't in English, and that is relevant in general. Paragraph 9 of the directions says: "General - Proportion of programmes in English. All children's programmes will be in English. At least 75% of other programmes must be in English on television and 66% in the case of radio". There is already there a limitation not arising out of anything that is happening now but from the original purpose and let me say that at

one stage radio in Spanish formed a very important part of the purpose of radio, the Spanish language played a very important part at the time when we were badly in need of expressing our views and the radio played a very important part in the Spanish language at the time of the crisis. Let me say also that in order to be able to speak completely without any commitment, that I have purposely not discussed this motion with the Corporation at all. They are independent, they have to judge what they think is right and, of course, they will no doubt also be guided by what the elected Members think if they think that that can be accepted. And let me say also that whilst we look critically at the estimates of costs of television which are submitted at estimates time for the request for the subvention, we bring no pressure to bear on cutting anything. We look critically at all the things because that is the mission of those who have to contribute the money. But it is quite right and proper, I think, for the Corporation to try and find sources of extra revenue so long as they are not incompatible with general feeling in order to become less dependent on subsidies. Certainly, they should never be profit-making because if they ever reach that stage then the answer would be that they should plough that back into either new equipment or other benefits, bigger programmes, more sophisticated programmes, more home-made programmes so that really it is not a question of our wanting television or even television wanting to make a profit but obviously the more money they have the more service they can give precisely to deal with all the matters that have been raised here. Let me say in that connection that the Leader of the Opposition who was the only Member of his party in the House at the time will remember how critical the other Opposition was about advertising for Spanish/English viewers and that is one which I resisted strongly and it is quite clear and I argued it at the time, I don't have to argue it now because it is accepted on the other side, it is quite clear that a considerable amount of the advertising that takes place is directed towards the English speaking viewers who watch Gibraltar television in the Costa del Sol. I didn't think that there was need to advertise servicing Rolls Royces in Gibraltar, I think there is only one, and many others some of which could reflect some interest in Gibraltar but generally not and I stood firm on that because I felt that that in no way interfered with the question of the role of television. When we come to this question of Spanish time, well, I understand that the thing is in the very early stages and I can also tell the House that there have been all sorts of people interested in Gibraltar television in the last ten months. Some want to have a satellite, others want to take over, others mention millions, the attraction is fantastic and in some cases it is fantastic how little they know about it when they dare speak about big sums of money when they don't really know how the thing works so one is suspect about these offers. On the other hand I think it is commendable of the Corporation to explore avenues of revenue in non-peak viewing time which would not deprive the people here of the hours that are being given now and the nature of it would

be a matter, of course, of judgement. I think it is also fair that we should recognise that a lot of people in Gibraltar like to listen in Spanish otherwise they wouldn't put on Spanish television so much. So long as anything like that would not alter the ethos, a word which I like very much which I see has been incorporated in the motion and I think perhaps that would be a good opportunity to discuss the matter when there are concrete signs of what is possible. I think what is happening now is that there is a general approach and the Corporation, I think rightly, are pursuing avenues in which they could get it. And here I come to the difficulty, Mr Speaker, and that is that we agree that there should be a debate before anything like that happens. Whatever happens in Spain will depend very much on what is presented by the Corporation as far as we are concerned. We are not a priori against or in favour, we want to see what it is and I am sure that the Members of the Opposition feel the same but the rest, well, they are statements of fact to which I wouldn't like to be a party because some of them may or may not be correct. If the Hon Member, having said that and having used it, is happy that we should have the fourth paragraph perhaps in a different way. I didn't want to amend the motion because I didn't want to give any indication that we were trying to undermine or alter the spirit of the motion, that is why I did not bring as I normally do in other matters, something to do it the way we want it, in fact, it is only a general discussion and that is why I am a bit concerned, for example, 'That GBC is considering the introduction of Spanish language feature films'. I don't know how far that is true, I understand they have had approaches and are looking at them, that is one thing.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. My understanding, in fact, is that that has been confirmed. A specific question was put to GBC on that point and GBC confirmed that that was accurate.

HON CHIEF MINISTER:

'Such a step could imply fundamental changes in the role and ethos of GBC' remains to be seen, it all depends, it is a matter of degree in a way. That is why I am worried about being a party to that as a Government. I am quite happy to agree that the Board of GBC should be asked not to introduce such a policy until the House has fully debated the matter, I am sure they are taking note of that now when we say we all agree but I am concerned

MR SPEAKER:

What about No. 3, are you happy about it? 'Considers that the House of Assembly as the body representing the interests of taxpayers and licence holders has a right to express'

HON CHIEF MINISTER:

Yes, of course.

MR SPEAKER:

So, basically, what you are suggesting is that perhaps No.2 should be amended.

HON CHIEF MINISTER:

We will vote for Nos. 3 and 4 and I am not asking the Hon Member to withdraw the statements contained in Nos. 1 and 2 but they really should not form part of the motion, that is all I am suggesting, because otherwise I would have difficulty. I just don't want to be bound by general statements that might later be interpreted as agreeing to everything that that statement makes.

MR SPEAKER:

What about No. 1?

HON CHIEF MINISTER:

Well, if they say that that has been confirmed.

HON J BOSSANO:

I wouldn't have put it if it hadn't been confirmed.

HON CHIEF MINISTER:

Well, unless the Hon Member were to alter the word 'could' for 'might' I don't mind because that helps us a little more because we are more free to decide in a particular case whether a particular kind of programme might or might not alter the ethos. We are trying to be helpful but at the same time we have to be cautious not to be accused later on of having agreed to quite a number of things. I think perhaps 'might' might make it, the word 'might'.

MR SPEAKER:

The Hon and Learned Chief Minister is suggesting that you move an amendment to change the word 'could' to 'might'.

HON CHIEF MINISTER:

Well, I don't want to, I would ask the Hon Member or a colleague of his to do so. I don't want to alter his motion but I want to make this point so rather than I wanting to doctor his motion, if he is agreeable, a colleague who has not spoken to the motion could alter that word and we might accept it.

HON M A FEETHAM:

Mr Speaker, I would like to move that we should delete the word 'could' from paragraph No. 2 and substitute the word 'might'. And whilst we are at it could we also alter the word 'commercialisation' to 'commercials' because I think it is a misreading of our handwritten motion when it was submitted, it isn't 'commercialisation', it is 'commercials'.

Mr Speaker then put the question in the terms of the Hon M A Feetham's amendments which was resolved in the affirmative and the amendments were accordingly passed.

MR SPEAKER:

Are there any other contributors? Does the Mover wish to reply?

HON J BOSSANO:

Well, only to say, Mr Speaker, that I am delighted that the Government has been able to accept the spirit in which the motion has been put and to agree that it is a spirit which they share with us, we are very happy to see Government supporting it.

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.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I now move that this House adjourns sine die.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned sine die.

The adjournment of the House sine die was taken at 11.35 am on Wednesday the 31st July, 1985.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

27TH NOVEMBER, 1985

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Ninth Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Wednesday the 27th November, 1985 at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, LVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone OBE - Minister for Health and Housing
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

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, 1985, 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 1984.

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, 1984.

Ordered to lie.

The Hon the Minister for Labour and Social Security laid on the table the following documents:

- (1) The Employment Survey Report - April, 1985.
- (2) The Principal Auditor's Report on the Accounts of the John Mackintosh Homes for the year ended 31st December, 1983.

Ordered to lie.

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

- (1) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 9 of 1984/85).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 2 of 1985/86).
- (3) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.1 of 1985/86).
- (4) Supplementary Estimates Consolidated Fund (Excess Expenditure 1985/84).
- (5) Supplementary Estimates Consolidated Fund (No.1 of 1985/86).

- (6) Supplementary Estimates Improvement and Development Fund (No.1 of 1985/86).
- (7) The Principal Auditor's Report on the Accounts of Gibraltar Shiprepair Limited for the period ended 31st December, 1984.
- (8) The Accounts of the Gibraltar Museum for the period ending on the 31st March, 1985, together with the Chairman's Report thereon.
- (9) The Annual Report and Accounts of the Gibraltar Broadcasting Corporation - 1984-85.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.05 pm.

The House resumed at 3.25 pm.

Answers to Questions continued.

THE ORDER OF THE DAY

MOTIONS

HON M K FEATHERSTONE:

Sir, I beg to move the following motion: '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 a guarantee to Barclays Bank PLC of 84/90 Main Street, Gibraltar, for an amount not exceeding £175,000 to secure any overdraft facilities given by the said Barclays Bank PLC to the Gibraltar Quarry Company Limited'. Sir, the Quarry Company has been broadening the base of its operations over the last eight or nine months and so to do has needed to purchase new equipment, new machinery. The position at the moment is that the Company although it is still making a loss, is moving towards production viability and in fact in the last four months has increased its output by over 100% but at the time we are at the moment they still need extended financial facilities and this is the reason why it is requested that the overdraft facilities be increased to £175,000. I am hopeful, Sir, that the Company will move into profit within the next eighteen months especially with the increased amount of development which we are seeing in

Gibraltar and of which we are securing a fair measure of the materials required such as aggregate which is the new item into which we have gone, and sand. 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, it is not often that one takes the advice of Members opposite but after reading the Hansard of what happened the last time the Hon Member came with a similar motion for the Quarry Company, he suggested that we might have done better to abstain rather than to vote against and after discussing it with my colleagues we have decided to take his advice, we will abstain on it rather than vote against because in principle we support the Quarry Company, we think it can be made viable, we think it has got a future but we don't think that the Hon Member is tackling the situation as he should. For example, when he last came to the House with a similar motion he said - I won't quote because I cannot find it - but I will certainly tell the Hon Member what he said and that is that the Government was already buying sand for all its projects from the Quarry Company. My understanding of the matter is that that is not the case. My understanding of the matter is that Government not always buys its own sand from its own company and this itself is something which we on this side of the House don't think should happen. The Government should be buying all the materials that it needs in this respect from its own company. Another issue which we raised at the time and which is still relevant is that we think that the motion should be accompanied by a commitment on the part of the Government to allow the Company to expand in other areas. We have gone through this issue a couple of times in the House and the position of the Government is quite clear but I am afraid we cannot give full-hearted support to the motion of the Hon Member unless he can give us a commitment that if the Company finds it necessary to enter into other areas in the private sector to be able to develop it doesn't do so because unless the Company is not given this freedom, Mr Speaker, it cannot be held accountable for covering the deficits that it holds and it is no use voting more money for the Company unless it is not accompanied by a policy which will give the Company freedom to operate as any other company in the private sector. I would also like clarification as to whether it is the bank that is asking a guarantee of the Government or is it the policy of the Government to bring every such issue to the House of Assembly when it concerns a publicly-owned company.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Sir, as far as the Government purchasing from the Gibraltar Quarry Company, the main purchaser is the Public Works Department and they have been a good customer of the Quarry Company and are still a good customer. The only time when they have purchased, to my knowledge, from outside the Quarry Company was an order that was placed some considerable time ago, over two years ago, which was only supplied recently and at that time the Quarry Company when the order was originally placed was not in a position to fulfil the order but since the last nine months at least, all the requirements of aggregate and sand by the Public Works Department have been purchased from the Gibraltar Quarry Company.

HON J C PEREZ:

Will the Hon Member give way? I am sorry that the Hon the Minister for Public Works is not here but I have been led to believe that that is not the case. I would like the Hon Member to commit himself to look at the matter if I can verify that my information is right and that his is wrong because I have been led to believe by the Public Works Department that that is not the case, that not all the sand and not all the gravel is being bought from the Gibraltar Quarry Company and not because the Gibraltar Quarry Company is not able to supply it.

HON M K FEATHERSTONE:

I shall be very happy to look into the matter as the Hon Member requires and wishes and I hope we can come to an amicable solution. The second point that the Hon Member mentioned is the widening of the sphere of operation of the Quarry Company. The Quarry Company at the moment is adequately taken up with the production of aggregate and sand. If in the future it should widen its capabilities this will be something which Government will look at very carefully. The third point that the Hon Member mentioned was, was it the bank that was requiring the overdraft facility to be guaranteed by Government, that is so.

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 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 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:

Yes, I think Members will authorise the non-reading as the motion has been circulated. You can proceed with the motion.

HON DR R G VALARINO:

Mr Speaker, 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 33½% for a single person. At the time of carrying out this review, the latest available Employment Survey was that for October 1984, which gave the average weekly earnings as £125.58. On this basis it is proposed that the standard rate of Old Age Pension for 1986 be £62.80 (instead of £60.90) for a married couple and £41.90 (instead of £40.60) for a single person. These new rates represent increases at approximately 3%. All other benefits under the Ordinance will be increased by the same percentage

approximately, except once again for Maternity and Death Grants which remain unchanged. The proposed increases in benefits are estimated to bring the total expenditure on the Social Insurance Fund for 1986 to £6.86m. This figure includes the cost of Spanish pensions at the frozen rates. I must make it perfectly clear that this review does not take account of the Spanish pensioners entitlement to the higher rates of benefits as from the date of Spanish accession to the European Community. This is a matter which is still under discussion with the UK Government. The value of the Social Insurance Fund stood at £12.4 million in June 1985. This still represents under two years expenditure at the proposed 1986 rates of benefit and it is proposed to continue the policy of increasing contributions to an extent which will provide a surplus of income over expenditure. It is therefore proposed that in 1986 contributions should be raised by £1.23 a week for an adult (£0.62 from the employer and £0.61 from the employee). These increases will produce an estimated surplus of income over expenditure of £263,460. In percentage terms the increases represent 10% for all adults as against 15% for men and 25% for women respectively in 1985. As I mentioned last year, it would have been desirable to produce a higher surplus in 1985 in order to build towards an adequate contingency reserve for the future, but the increases were then kept as low as possible in order to cushion the effect of having to bring women's contributions in line with men's contributions from 1 January, 1985. There are other measures which are being taken on social security which are not relevant to this motion but which I would nevertheless like to bring to the notice of the House. Under the Social Insurance (Insurability and Special Classes) Regulations, persons working for less than 4 hours a week, or 8 hours in the case of domestics, are not liable for the payment of social insurance contributions. A large percentage of persons in part-time employment in Gibraltar are females, and as a result of the increases in female contributions which I mentioned previously, part-time work has become unattractive. In the UK, where social insurance contributions are earnings-related, such contributions are not payable if earnings from employment are less than £34 per week. It has accordingly been decided to amend the Regulations so that all persons working for less than 15 hours per week should be exempted from the payment of social insurance contributions. They will, however, still be liable for contributions under the Employment Injuries Insurance Ordinance and the Group Practice Medical Scheme. The pension rights of those persons in part-time employment of less than 15 hours who are contributors at present, eg part-time teachers, would be safeguarded as under existing legislation they may opt to become voluntary contributors at the same rate of contribution as at present. Legislation provides for the granting of credits to insured persons in full-time education, unpaid

apprenticeships, full-time training and initial training with the Gibraltar Regiment. This provision has always been interpreted as applying only to persons who receive no earnings from their employment while they are studying or training. In the case of a recent appeal to the Social Insurance Appeals Board, this interpretation was not accepted and the Board ruled that a Government employee who had obtained a scholarship for further studies and was released on full pay by the Government to pursue those studies, was entitled to credits. The relevant regulations are accordingly being amended to make it clear that such credits will not be allowed to persons who are in receipt of earnings from their employment during their studies or training. At the same time, the Regulations are being amended to exclude the provision for granting credits for initial training with the Gibraltar Regiment, which was originally introduced to cover compulsory military service. 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 then proposed the question in the terms of the motion moved by the Hon the Minister for Labour and Social Security.

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:

Yes, permission is granted.

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 3% in January, 1986, in line with the increase in benefits under the Social Insurance Ordinance. Injury Benefit for a man with a dependent wife goes up from £45.85 to £47.46 per week, with additions for children; gratuity on death due to an industrial accident from £10,400 to £10,710 and likewise for a 100% disability (or a weekly pension of £38.15 instead of £36.75.) The weekly contributions under this Ordinance currently stand at 20p

(10p each from employer and employee). Expenditure on benefits continues to increase and it is accordingly proposed to increase contributions for 1986 by 10%, ie 1p increase for each employer and employee. Sir, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Minister for Labour and Social Security.

HON J BOSSANO:

Mr Speaker, I would like to make a point that is relevant to the question of insurance contributions and rates. I think we would like to have provided to us up-to-date statistics of the state of this fund. I think it is some time since there was a Report from the Department which used to come out I think once every two years and before that once every year showing the state of the Funds. We are obviously in favour of the principle of up-dating the benefits every year and they have to be financed but just to be told, as it were, in the course of the Member's contribution that there are £12m in the Funds in June this year and that the surplus is £263,000 is not conducive to a proper assessment of the money that is required or the money that is being spent and what we would like is to be provided, not necessarily during the course of the meeting, but when the Hon Member can do it, to be given an up-date on the state of the different Funds in the social insurance.

HON DR R G VALARINO:

Mr Speaker, I will do so as far as I am able. General reviews are every five years so the next general review will be due now but in the meantime I will provide the Hon Member with as much information as I have.

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 third motion standing in my name, that it is taken as read.

MR SPEAKER:

It is not as long as the others but I think you should still be given consent, most certainly.

HON DR R G VALARINO:

Mr Speaker, this is the third and last motion in the annual series and deals with Unemployment Benefit. As the House is aware, Retirement Pensions as well as Elderly Persons Pensions are now dealt with under the Supplementary Benefits Scheme and all benefits payable under the scheme will be increased by an average of 3% as from 1 January 1986. The motion therefore is only concerned with Unemployment Benefits which in line with other increases will also be increased by about 3%. The basic weekly rate of this benefit will go up from £30 to £30.90 a week with increases of £15.60 for wife and £6.30 per child. Sir, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Minister for Labour and Social Security.

HON J BOSSANO:

I think, Mr Speaker, here we are at odds with the Government because the annual re-rating of benefits, which is what we are doing, as regards the Social Insurance Pensions and as regards Industrial Injury is fair enough but I think when we are talking about Unemployment Benefits we have in the past questioned the adequacy of the system that we have in Gibraltar and I think we have in the past questioned the adequacy of the level that it provides. The situation appears to us to be one where the Government is not taking into account that the basic change that Gibraltar has gone through recently and is going through now is that continuity of employment for life is no longer the normal thing it used to be and I think the adequacy of our social insurance system when it is related to unemployment benefits in the past was that in fact it was not unreasonable to say to somebody irrespective of how much you contribute or how long you contribute for, rather, that is to say, you can be a contributor for twenty years or for thirty weeks and you still get thirteen weeks unemployment benefit. I have always believed myself that the reason why that system operated in Gibraltar where it was at odds with what is normal in other Community Members was because it was very unusual for anybody to be more than three months out of work in the past in Gibraltar and if they went without work for three months, generally, they fell into a category of people whom one could say would find very great difficulty in getting jobs anyway, it wasn't a question that they didn't get it for three months but they got it after four months. I think we have seen a circular change in the economy taking place as a result of the rundown of MOD employment where with private sector employment it is more of a fluctuating employment and people may have longer periods of

unemployment and may be changing jobs more than once in their lives. I think the days when somebody went into a job as a fifteen year old apprentice and came out as a sixty-five year old retired employee with a gold watch, those days are fast disappearing if they haven't disappeared already and it is in that context that we feel that the Government needs to do something more than simply re-rate benefits and re-rate contributions when it comes to unemployment benefits. I think the unemployment benefit situation and the conditions qualifying for unemployment benefit and the length for which it is paid needs to be looked at in the light of a changing economic environment and a changing labour environment which is different in 1985 from what it was up to 1980 and which every indication that we have shows that it is going to be continuing to be different and is going to be more volatile in the future than it has been in the past and therefore we are using this opportunity to point out that certainly we are not happy with either the level of unemployment benefits or the way the system operates and we feel the Government needs to do more than simply come here once a year and re-rate it because whereas with the Old Age Pension one can say that they do compare favourably with what is available elsewhere, there is no question about that, I do not think the same is true of unemployment.

HON DR R G VALARINO:

Mr Speaker, I thank the Hon Member for his intervention, I take his meaning. In fact, he has broken it up into two, basically in one sentence he talks about the increase is not enough and in another way he talks about the length is not enough. Personally I feel the length is enough because after this they go on to supplementary funds which very often are higher than the unemployment benefit but I will certainly look at the level of which unemployment benefits could be raised to provide a more satisfactory element for this type of people. I will look into it and, if I may, once I do look at it I will let the Hon Member know. Thank you.

Mr Speaker then put the question which was resolved in the affirmative and the motion was accordingly passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I move that: 'This House takes note of the Accounts of Gibraltar Shiprepair Limited for the period ended 31st December, 1984'. It might be helpful if I identify first some of the main features of the accounts as presented and then go on to speak briefly about the Company's financial prospects. The accounts relate to a period when the Company was incurring

start-up costs prior to commencement of trading operations on the 1st January this year. All initial expenditure properly chargeable to revenue accounts have been shown in the profit and loss account as an exceptional item amounting to £1.9m. As there was no trading income for this period this is shown as a loss. I should point out that both the original ATA proposals and the consultant's report assumed that start-up expenditures were to be charged to the Gibraltar Government and not the GSL Account. On that basis the £1.9m would not have featured as a retained loss for the year. However, to comply with the requirements of Section 6 of the Gibraltar Shiprepair Limited Ordinance, 1983, it was necessary for this to be shown in the Company accounts and financed by the issue of shares. The figure of £1.9m represents only a proportion of the total funds advanced to the Company during this period. Hon Members will note from the statement on page 8 of the accounts that £5.3m was advanced from the Government, the difference between the two figures mainly representing expenditure on those assets which were proper to be charged to the balance sheet of the Company, that is excluding those fixed assets which remain in Government ownership and that amounts to just under £3.4m. While the figure of £5.3m is the amount of funding from the Gibraltar Government at the balance sheet date, this in turn represents only a proportion although a major proportion of the total ODA funds on the project which were committed during this period. A summary of ODA's funded expenditure up to 31st December, 1984, is also provided with the accounts as a supplementary statement and the House will note that this amounted to approximately £6.5m. I now turn to the share issue. There was an initial issue of shares of £1,000 when the Company was incorporated. Subsequently the Government advanced funds to the Company under Section 10(1)(e) of the Public Finance Ordinance with a view to the recovery to this advance in return for the issue of further shares and this was done prior to the end of the Government's financial year in compliance with the said Section 10(1)(e) and thus after the balance sheet date for the GSL accounts, reference is made to this in note No.1 on page 9 of the accounts. The issue was of 11,999,000 shares making a total issue of 12,000,000 but it was only partly paid to the value of £9,906,000 and the latter figure will be shown in the balance sheet of the Government accounts for 1984/85 when these are presented to the House in due course. However, subsequent to the 31st March this year, the Government had subscribed for a further £5m of shares to finance on-going operations during this financial year and this is also referred to in the note on page 9 where there is a reference to a total subscription of £16,999,000, that is to say, a total of 17,000,000 less the initial share issue of £1,000. I dealt briefly during questions with the rate of draw down of the £28m, the funds allocated by ODA to the

commercialisation project. At the end of September the total amount spent or committed was approximately £21m. This figure, of course, includes all items of expenditure including those which will be charged to the Company's balance sheet in due course and those which will not be charged to the Company's balance sheet because they represent expenditure on fixed assets which will remain in the ownership of the Gibraltar Government. As far as the future rate at which ODA funds are committed, as I mentioned, it is expected that by the end of this year the total amount of ODA funds committed should rise to some £24m. Thereafter the rate of spend of course depends on the Company's current and, indeed, future trading prospects and since the beginning of this financial year the company has received income from the repair of ships and yachts and other trading activities so that the date at which the source of capital provided by the ODA for running expenses and for expenditure on fixed assets is exhausted really depends on several factors, namely, income from sales as I have just mentioned; cost overruns on fixed assets. No. 1 dock in particular; and other expenditure variances both favourable and unfavourable compared with budget. I will now say something more on these three points. As regards the current year, which is the first year of trading, the company was broadly on target at the end of September for its anticipated performance for the year as a whole, that is to say, the expected loss of about £3m for the first year of operation compares closely with that in the original forecast. I mentioned the value of RFA work this year, which is some £3m and that will be less than forecast but this will be compensated by higher than expected commercial sales this year which should almost double the original target of £1.5m. Overall, taking account of work on smaller MOD vessels and other craft, sales income for the year will be over £1m higher than planned for. Against this one must consider higher overhead costs as well as the larger element of sub-contract work, notably on RFA's. As I have said on previous occasions, Mr Speaker, the deployment of RFA work is subject to fluctuations in MOD requirements on a month-to-month and, indeed, year-to-year basis but that does not imply any threat to the assurance received from HMG that RFA work to the value of £14m at 1983 prices will be given to the Company. Notwithstanding that, I have to say that the reduced volume of RFA work during 1985 has had a fairly significant effect on the level of losses. Fortunately the company expects this imbalance to be redressed in 1986 and 1987. As I said, the overall results in terms of the number of vessels repaired exceeded expectations with work on a total of over 200 ships and the number of dockings should be on target for the first year of operations despite the delay experienced in commissioning No.1 dock. On the expenditure side, the major variance is in capital expenditure on major civil works, mainly No.1 dock. The exact amount is difficult to quantify at this stage as it is

dependent on claims and counter-claims with contractors but the net result could be significant. This variance will not affect the Company's balance sheet nor its trading account but, other things being equal, would have implications for the rate of draw-down of ODA funds. However, as I have already pointed out, that in turn will depend on the Company's trading prospects and performance in 1986. Other major variances in expenditure favourable and adverse, taking 1984 and 1985 together, have been firstly, capital equipment costs which have exceeded budget by some £300,000; general relocation and refurbishment costs which are up by some £800,000. On the other hand not all contingency provisions were fully taken up and this as well as a 'freeze' on certain minor works should produce an offsetting saving of around £600,000. Finally, operating costs have generally been higher than expected. Given the obsolescent state of the yard, a much higher level of expenditure on maintenance has had to be sustained throughout the year which also reduced revenue earning capacity. Shortages of labour have led to the use of daily rated sub-contractors and not infrequent high levels of overtime. Utility costs, notably water as well as general office expenses, were underbudgetted. The Company were able to obtain rating relief but, as a private company, were not excused the extra cost of payment of stamp duty. Overall, the net increase in operating expenditures will account this year for around £0.75m. I have already spoken briefly, Mr Speaker, in fact we discussed questions of employment and productivity levels and I gave figures for employment to date. On that general question I would only add that there is clearly a critical relationship, an inter-relationship between numbers employed, productivity and projected sales levels in determining the progress towards viability for the Company. Obviously the availability and programming of RFA work will also have an important bearing on operations next year. Likewise, overhead costs including electricity and water. Nevertheless, Mr Speaker, I think it is fair to conclude on a note of cautious optimism and say that the company confidently expects to reduce its losses next year in line with the original forecast subject to the assumptions I have already mentioned affecting the sensitive areas of sales, employment, productivity and overhead costs.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Financial and Development Secretary.

HON J BOSSANO:

I think it is a good thing, Mr Speaker, that the Hon Financial and Development Secretary has asked us to take note of it otherwise we might have missed it. The accounts which we are being asked to take note of gave us an immediate source for

concern when they were made available because of the indication that even less information was likely to be forthcoming in future, that is to say, that because this year that we are looking at, that is, 1985, there were no commercial operations involved, there was a supplementary statement giving additional information which will not appear in future years and therefore I must say that we are grateful to the Financial and Development Secretary for giving us more information, quite frankly, than we were expecting on the basis of what has been circulated and I think the House must have that information if we are going to have informed debate. Clearly, the Government itself will want to make sure that it is keeping a close watch on the progress of the company but the future of the company is important for all of us in the House and outside the House and therefore we have all got an interest. It isn't just like any other business in Gibraltar primarily because of the level of employment that it provides which the Financial and Development Secretary has mentioned. We have a situation where the competition provided by the yard has had an impact on the Ship-repair Yard that existed previously and we know that that business will not be continuing and clearly in that situation it was something that was foreseen by the consultants initially, that it would be difficult for two competing yards to be successful. But the prospects for the yard are important in the kind of impact it would make on the total employment situation in Gibraltar because whereas the other yard that we are talking about is going to produce a job loss in the region of twenty-five which may not be too difficult to absorb, clearly if it was a question of trying to absorb seven hundred people anywhere else it would create a major economic and social problem in Gibraltar and therefore the most important thing about the accounts, as far as we are concerned, is the prospects for continuity of employment in the company. I think, therefore, Mr Speaker, that talking to the accounts we are supposed to be noting, is much less interesting than talking to the contribution of the Financial and Development Secretary which is much more up-to-date because as the Hon Member has mentioned, no doubt through experience, he has made sure this time round that he is complying with the Shiprepair Ordinance and undoubtedly the provisions of the Ordinance, as it was passed in the House of Assembly didn't leave much leeway or flexibility, there were basically only two things that could be done with the £28m, either buy shares or provide assets which would be Government-owned assets and not GSL-owned assets and even that modification came about as a result of a suggestion from me at the time, the original proposal was that the only thing they could do was buy shares. As the Financial and Development Secretary knows, we have disputed his interpretation of Clause 10(1)(e) of the Finance (Control and Audit) Ordinance and no doubt we shall have an opportunity to debate

the matter when the audited accounts for the year 1984/85 are presented to the House and we shall have to see what the Auditor has to say about the interpretation of the advance of funds because, in fact, what we are seeing now is the belated explanation of the Hon Member when after a long series of questions in the House eventually we brought a motion here and at the very last minute, almost as if by magic, he produced this Clause to explain what he had been doing. I think he had only just discovered himself then what he had been doing and what we have got is, in fact, that the Company has been financed in 1985 by loans from the Government of Gibraltar and those loans have been repaid within the Government's 1984/85 financial year by the issue of shares. It may be a technical point but I think even technical departures from laws are not a good thing, that is what we feel on this side of the House, Mr Speaker. The Government has got a majority, on a thing like this in any case it is not a question of having a majority because if the law requires change then the thing to do is to change the law not simply to ignore it on the grounds that you are only technically breaking the law. But, as I say, I think, having waited this long, we can wait till we see the audited accounts for 1984/85 on that point. I think on the more important and interesting point which is on the performance of the company, the accounts that we are being asked to note would in fact have given us no indication at all of the performance because the accounts deal with the preparatory work up to December, 1984 and it is difficult to do an exact comparison between this and this because as the Hon Member says here, the preparatory work was supposed to be financed directly by the Government of Gibraltar and is shown as such and it is not shown as part of the expenditure of the first year of operation. But it is possible to make some sort of analysis of how close are we and I think that is the only thing that one can do because, in fact, essentially, what the Government did by accepting these proposals and by going to an election on the basis that if they got elected they would accept these proposals, is to take the word of those who prepared it that it would work. I think it would be unfair to expect anybody to be able to predict down to the last penny or down to the last ship or down to the last man hour the performance into the future, there is nobody in the world who could produce that situation. We had that kind of situation under a Naval Dockyard because naval work was pre-programmed years ahead of time and you could actually predict the day of the month in two years and the name of the ship that was going to arrive and we understand that in any commercial operation there are parameters within which you have to work but the credibility of those parameters are necessarily determined by two factors. One is how close you come to the prediction and how realistic does the prediction sound when

you are looking at it before it happens and not with the benefit of hindsight. We were sceptical of the predictions here and clearly we are interested to see how close to those predictions the company has performed and is performing. We certainly think from our knowledge of the feelings of many people in the yard that the Controller, to which they have made reference, is very necessary. There are clearly in a situation like this possibilities for imaginative spending of money, Mr Speaker, if one could put it in an elegant fashion, and it is not very difficult. I am not sure whether the Financial and Development Secretary would be in a position to tell us, for example, what do the consultancy fees of £161,000 consist of or who were they being paid for because as far as we can tell at this stage, in December 1984, we were not employing consultants anymore and as far as we can recall, up to December 1984, we were asking questions in the House and were being told that the cost of A & P Appledore's engagement was still being met directly by ODA and not from the £28m. The computer system, Mr Speaker, which has proved to be, I think, slightly more expensive than anticipated, in the region of 25%, I understand is not computing very well. I think we would like to know, given that we are now referring to expenditure in 1984 and the Hon Member has been kind enough to tell us what the state of play was in September, 1985, can he tell us whether the computer that was bought for £4m in 1984 is computing in 1985 or is that still something that one needs to see how sound expenditure that was? Actually, I believe the promotional and public relations has turned out to be less than originally anticipated. I think that in looking at the situation we would like to have an opportunity to be able to question things that appear to us to be slightly, shall we say, at odds. We wouldn't expect the Hon Financial and Development Secretary to be able to tell us down to the last pound. We can take it that if we are talking about wages and salaries, well, that is obvious, the wages and salaries are based on the hourly rate, the number of hours that people work and the numbers employed, there is nothing to question there. The training, again, seems to be much higher a figure than was originally envisaged whereas the numbers of trainees is much lower. In fact, the company has taken in less trainees than they predicted, the average for the first year of operation was that out of a total workforce of some 755 for the year's average, I think something like 90 were supposed to be trainees and apprentices and the figure is two-thirds of that, we are talking about a situation where we have got a total of 60. From my knowledge of the yard I don't remember all that many trainees in 1984 and the sum of money here is much greater than was originally being put down for trainees and clearly we believe that training is important. We believe that given the reason for the £28m, given the reason for setting up the commercial dockyard, it may not be the most commercially sound

thing to train people, it may be the most commercially sound thing to recruit people already trained from outside Gibraltar but from the point of view of the value of the operation to Gibraltar it is a more valuable operation if it is providing training opportunities for our youngsters and giving them a future in the yard rather than a situation where if one looked at it exclusively from a profit point of view, the most profitable thing to do might be to import skilled labour rather than to provide training opportunities for our own people. As I remember, one of the reasons that was given in the presentation when the selection was announced by the consultants appointed by the Government of Gibraltar at the time, in the evaluation of the different elements of the different tenders, the Lisnave tender, the Bland tender and the Appledore tender, in that evaluation one of the reasons why Appledore scored much better than the others was because they included much greater emphasis on trainees and a much greater amount of money allocated for taking in apprentices and trainees. There was a series of criteria provided by the consultants at the time and on the criteria of training Appledore's proposals were above everybody else's. So, clearly, if they got the tender on the basis that they were providing more trainees than other people then we want to know whether they are doing it and if they are not doing it we want to know why they are not doing it because, obviously, it would be an unfair situation, like in any other tender situation, if somebody builds a rosy picture and wins on the basis of the positive points and then does not deliver the things that have won him the contract. I also think that it is important in the context of the figure the Hon Member has given us about £24m being spent by the end of the year that he should clarify whether he is actually talking about £24m being spent as such or £24m being allocated out of the £28m meaning that the Government might have used, say, £2m to buy shares in the company but those £2m are in liquid assets that the company has got which has not actually been spent. Are we saying we expect to have spent £24m of the £28m by the end of the year or are we saying that there may be £4m or £5m which haven't been spent but which as far as the Government of Gibraltar is concerned they have now passed over to GSL by buying GSL shares? I think we would also like to know of the remaining £4m how much of it still needs to be used by the Government of Gibraltar on the investment in assets which remain their responsibility. That is, we need to know whether the whole of the £4m is available to GSL or only part of it is available to GSL? And within the £24m by the end of the year, are we saying that the share capital continues to be £17m, in which case we are talking about £7m being spent by the Government of Gibraltar out of the £24m, or are we saying that in fact more than £17m has been made available to GSL? I believe the original projection was that the Government of Gibraltar would

spend £9.1m in here and this would be spent as to £4.5m in the pre-opening year which would now be 1984 and previously was 1983, and £4.4m in the first year of operation. As far as the original projections were concerned, forgetting that we are a year behind time and reading 1984/85 for 1983/84, we would now be in a situation where £8.9m would have been spent directly by the Government of Gibraltar. Since we know from the statements of the Financial and Development Secretary and the accounts themselves that there are £2m of start-up costs which would have fallen to be paid by the Government of Gibraltar if it had not been done as required by the Ordinance, then we could say that the £2m in question would need to be deducted from the £9.1m, that is to say, if the original situation was that the Government of Gibraltar was meeting £9m and buying £19m of shares and the situation now is that we have got £2m shown in the profit and loss account because those were start-up costs which have now had to be put through the accounts to comply with the Ordinance, then that adjustment would require that instead of having £9m by the Government of Gibraltar and £19m of shares to make the £28m, we should have £7m by the Government of Gibraltar and £21m for shares. In order to arrive at that equation one would then need to have confirmation of the points that I have made a few minutes ago, namely, that the £17m shares in issue plus the £4m that remains to be unspent would come to the £21m and therefore that is the only way, as we see it, that one could square the accounts and the explanation of the Financial and Development Secretary with the answer we were already given previously about £24m having been spent and £4m still being available. Again, that would show that the share issue would be as planned except for the adjustment of the £2m required by the accounts for 1984 now being presented. However, in the company's own accounts independent of the start-up costs which we have been told by the Financial and Development Secretary should have been part of the Government of Gibraltar £4½m expenditure, the company itself was spending £3.7m and therefore we are talking about a situation where the projection was that prior to the commencement of ship-repairing as such there was envisaged total expenditure of £8.2m at 1983 prices made up of £3.7m by GSL and £4.2m by the Government of Gibraltar and the Government of Gibraltar was responsible for the start-up costs. We now have a situation where instead of £8.2m the expenditure in the calendar year 1984 has been £6½m which is a shortfall of £1.7m notwithstanding the fact that they are overruns. I think that requires an explanation because if we have spent £1.7m less and we have paid more for a number of things, including the civil engineering work and other items of expenditure, but on the whole I think the Hon Member talked about an overrun of the order of £¾m, did I get it correctly?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, if the Hon Member will give way, I did mention that there had been an overrun of approximately £¾m on operating expenditure, I identified some items and if he wishes me to repeat them I will, if I can find my place, but that was the figure for operating expenditure.

HON J BOSSANO:

I think, if I remember rightly, he was saying that this was the net figure taking into account that although some items had finished up costing more there had been under-expenditure in other areas and this was the net figure. I think he said that, Mr Speaker. Looking at that situation I am rather puzzled to understand what is it that should have happened prior to the yard opening its doors, according to the original projections, which hasn't happened because if we have spent £1.7m less and yet we have overrun on costs and we have nevertheless managed to do a total of 200 vessels instead of 36, I think something somewhere doesn't make sense and I wish the Financial and Development Secretary would explain it to us so that we can see how closely the developing situation in the pre-opening phase, because one would have thought, Mr Speaker, logically, that if in the preparatory phase up to December, 1984, less money was spent because things fell behind, then that would have reduced the amount of work done in 1985 by the yard and, if anything, it would have been an explanation if less vessels had been handled but if more vessels have been handled then it suggests that there wasn't such a delay in the December/January handing-over period and therefore there appears to be a situation where we need to know are we talking about having saved £1.7m which is available for other things or are we talking about having underspent £1.7m up to December but which might have got spent in January or February? It makes a big difference whether we are talking about one thing or we are talking about the other because clearly if we are talking about underspending by December something because there was slippage but would have been spent anyway then we can say: 'Right, the preparatory work for the yard still came to £8.2m'. If we are talking about a situation where the preparatory work for the yard came to £6.5m, then the yard started off in January with £1.7m more in the kitty than they had anticipated. Just like, for example, when the Hon Member mentioned in passing the question of the rates not having to be paid because of the decision of the Government to grant development aid status to the company and exempt it from payment of rates in the first year. Of course, the significance of that is that if you are talking about is the company on target for its projected £3m deficit, you then have to ask yourself: Is the deficit of £3m comparable if in the original

deficit they had to pay £½m of rates and in the actual deficit they haven't had to pay £½m of rates? To test the performance one would have to equate like with like and the reality is that if they had paid the rates as they had projected, then on the figures of the Financial and Development Secretary, the loss would have been £3½m not £2.9m. The original projection was a loss of £2.9m inclusive of £½m of rates, exclusive of the £½m of rates the loss was £2.4m. If we are talking now about losing £3m instead of £2.4m then we are talking about a level of loss which is 25% higher than predicted notwithstanding the fact that, generally speaking, the productivity levels are on target, notwithstanding the fact that the number of ships handled are considerably higher than anticipated to the extent that the commercial work has offset a shortage of RFA work and notwithstanding the fact that less people have been employed and that therefore on the basis of the original projections for salary costs, that is, the projections were made, Mr Speaker, here on the same hourly rates that are being paid today which is the importance of the question that we have been putting to the Hon Member. Because if we were doing a fair job of assessing what is taking place then, clearly, if there was a labour cost of £6m for wages and salaries and there had been a 5% increase last January as was claimed by the workforce, then you would have to say: 'Well, yes, the figure that has come out is 5% higher than the £6.1m because the wages have gone up by 5%'. But if the wages have not gone up by 5%, they have not gone up at all, the company's response to the 5% claim was that wages were already too high and they offered to reduce them because they have got this nice way of going about negotiating, the first thing they offer you is a pay cut to get you in the right frame of mind, it is called commercial management, Mr Speaker, and then they improve the offer to a wage freeze, you have got to do things in stages. And then, eventually, I suppose in a bout of magnanimity on the part of Mr Brian Abbott, he came up with 1.7% with the proviso that people had to agree to be paid once every two weeks. When people pointed out that in Gibraltar we buy our groceries on tick and pay every Friday, he then said that in that case if he had to pay every Friday he was reducing his offer by a penny an hour and that is the state of play at the moment and has been since July this year and for the information of the House, I can tell the House that the latest position is that the workforce have asked that the matter be referred to ACAS who seems to have a particular knack about these things, in the hope that something more reasonable will transpire. But the point is, of course, that we have asked in the House on a number of occasions what are the hourly rates to demonstrate that if we were comparing, for example, wage costs, overtime, we would need to do an adjustment for increases in basic wages. There has been a situation of some movement in the company because people have been promoted and one thing clearly has nothing to do with the other, that is to say, the

fact that some people, for example, went in as trainee welders on a rate of pay and came out as welders, means that they are getting paid more as welders than they were getting as trainee welders and since there were in January more people in training than there were in July then, clearly, in July the wage costs are higher because in July it includes a higher proportion of skilled people and in January it included a higher proportion of unskilled people who were undergoing conversion courses coming out of the MOD, for example, as shipwrights and having to go through a transformation course of three months to be trained for something else. During that three month period they were paid the labourers' rate, when they came out of it they were paid a craft rate. The point is that the craft rate and the labourers' rate has been the same throughout the period, it is just that the proportions of people have changed as a result of that training process. We feel, therefore, that in the context of the information that the Hon Financial and Development Secretary has given us, rather than in the information that is in the accounts because the reality is, Mr Speaker, that it is very difficult, really, to confine oneself to talking about these accounts because these accounts show no income, they just show expenditure and apart from some odd things that I have mentioned about the computer or the training, that strikes one from the knowledge that one has of the operation, apart from that there is really nothing that one can do with this except 'well, let us wait and see what happens in the first year of operation'. The indications from the Hon Financial and Development Secretary are that the first year of operation show or are likely to show more or less the predicted level of loss on the profit and loss account and that this gives us cause for a certain amount of hopeful optimism, shall we say, I think I caught his mood rightly.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Cautious optimism.

HON J BOSSANO:

Cautious optimism, I am not sure whether that is higher than hopeful or lower than hopeful. I am being then by reference to the Hon Financial and Development Secretary, Mr Speaker, either more cautious or less hopeful whichever way one wants to look at it because what I am saying is that the £3m looks less attractive if one remembers that it included £½m payment in rates which is now excluded and if one remembers that there is an outstanding pay review claimed on the 2nd January, 1985, and still not settled the impact of which is not possible to assess without having some idea of the total labour cost which is, I think, one of the items the Financial and Development Secretary did not

mention in the figures that he gave us but without knowing that we don't know the order of cost that we would be talking about if we added to that something in the region of 5%. But if he knows the figure then he can work out what the turnout would be if that 5% actually was conceded and was implemented retrospectively as people expect it to be who work there and therefore he would then be able to say to himself how much of the £4m he would still have in 1986 to meet any deficits arising in 1986 if he had to use part of that £4m in order to finance a deficit in 1985. I am assuming all the time, Mr Speaker, that the £24m that he has talked about takes care of the £3m loss that he talks about, obviously. I have to assume that, if I didn't assume that there would be nothing left, we would be on £27m already, so I am assuming that the £3m is already included and taken into account in the £24m and therefore what I am trying to establish, for his benefit and mine, is, are we covered and can we say to ourselves: 'Well, we have got £4m for next year', or are we possibly in an area of uncertainty in that until we know what the final result of the 1985 pay review is, we don't know whether we are going to have £4m left for next year or whether we are going to need to make use of part of that £4m to satisfy additional labour costs for 1985. I think if he could address himself to that point and give us some indication of what he thinks the state of play is we would be grateful, Mr Speaker. I have to say that we also want to acknowledge the fact that he has given us the answers to the questions that we put in the earlier part of the House and that, clearly, as far as we are concerned, we only get upset when we don't get answers, not because the answers may not be what we expected them to be, and I think if he will keep up the excellent example that he has given today of answering all the questions on GSL then the GSL questions in the House will be much more harmonious than they have been in the past, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, I would like to address myself on a few points of general consideration. I am sure that the Financial and Development Secretary will do his best to deal with the points raised by the Hon Member at some stage of which I didn't quite follow his mathematics but I will leave that to the Financial Secretary. On the 12th December, 1984, I made a statement as a result of the complaints about not answering questions and I stated: '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'. I think the Financial Secretary has followed that very closely and that is why, perhaps, his statement has been so helpful. And then I went on to say: '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'. So, really, we have done what we committed to do and I think the difficulty this year is that we are dealing with a state of accounts which is non-working accounts in a way but the setting-up from the beginning, from the take-over of the yard to the end of the year when there was no activity other than perhaps they started with a slop barge early in January but even that was not operational. There are three or four points I want to make. In the first place, we attach of course, considerable importance as was shown by the stand that we took on this matter, to the viability of the yard and I know that certain efforts have been made, we hope that the Trade Unions and others interested will continue to see as I heard the foremen in very forceful manner: saying: 'We realise that we are no longer in a naval yard, we have realised we have to work hard but we want to work in conditions that are acceptable', and so on. I was very encouraged by some of the rather forceful statements made by honest and hardworking people whose reputation one knows about and not just malingerers. Of course we had to act on advice as to whether we thought the yard would be viable or not and that was, of course, a matter of judgement, time only will show whether the judgement was right or wrong but when the Hon Member was speaking I recalled that we haven't been satisfied just to take the advice of consultants and we had our own consultants who advised us and who advised us very well and that is Mr Michael Casey who came and advised and, in fact, helped us in the negotiations towards the package that we eventually got. I say that purely because we were not just satisfied with consultants of the highest repute but appointed by the ODA and we ourselves felt that we should take advice as well and I think that to that extent they were very helpful and made quite a number of suggestions which helped us considerably in the negotiations. Two other points, one is the question of the imaginative saving of money. There are some savings that could be made without much imagination one would have thought and therefore let me say to the House that I have impressed, which is all I can do as the representative of the shareholders, I have impressed on the Chairman of the Company the need to avoid unnecessary expenditure. The sort of things that annoys people to see we all know and the lack in some cases, and I make no particular allegation, the lack of sensitivity about certain things and how they are done. At every opportunity that I have had I have used my influence or my ability to express concern in those areas without any doubt so at least Hon Members must be aware that we are also conscious of these

matters which must be carefully looked at. The question of the Controller is one which I would want to consider having heard the matter now and having addressed the attention to it by the question asked by the Hon Mr Pilcher. I think, perhaps, in fairness to the Financial and Development Secretary I should like to state why the questions were not answered this morning and that was that he felt, as when statements are made, that he could deal with them in the course of the motion and the Speaker rightly ruled that it would not be possible to ask supplementaries in that way and that is why they were left for answer, it was not that they were not being answered it was just that they were not ready because he felt he could deal with that and the Speaker only saw the proposed replies five minutes before we came to the House. I think, in fairness to him, it was no attempt at avoiding to answer the questions, and in fact they were answered after lunch adjournment. The other point to which the Government attaches very great importance is the question of apprenticeships and this is another matter which, of course, once we have a full year of operation we will address ourselves to that as well. I entirely agree that, first of all, that that was one of the criteria and, secondly, that the more apprentices we have the more satisfied we can be of employing other people because otherwise there will be nobody ever to take over as the local people who have been employed there leave, their time expires, they have reached the age or whatever. We are very conscious of that and I have again on that matter followed some of the proposals and I will look into the matter very carefully again because I think it is very necessary, particularly if there is going to be a much bigger workforce because of the nature of the work, that the proportion of apprentices to the number of workers should be higher in order that people can go from an apprentice job to a skilled craft. I hope that this exercise which has been, as I say, only the first, will continue. To the extent that I made in my statement, we will still continue to follow the parameters for answering questions, there may come a time when there may be a difference as to whether the question should be answered or not but what I did say I hope will be honoured.

The House recessed at 5.35 pm.

The House resumed at 6.05 pm.

HON J E PILCHER:

Mr Speaker, I will address myself to the motion in front of us about the Gibraltar Shiprepair Limited. In doing so I won't actually go into the accounts as those have been more than amply dealt with by the Hon Leader of this side of the House.

There are, however, a couple of points, particularly in answer to the Hon and Learned Chief Minister, that he made in general terms. It is true that on the 12th December, 1984, the Hon and Learned Chief Minister made a statement to this House about the parameters that would be accepted by the Government on the questioning about the Gibraltar Shiprepair Limited. Indeed, as the major shareholder we thought it fit that they should accept questions on GSL and we particularly touched on the longterm financial viability of the company. In doing so we looked at the areas which we thought had a bearing on the longterm financial viability and we questioned accordingly. Unfortunately, during the past year our questions from this side of the House, particularly by me, on the Gibraltar Shiprepair Limited, have met with very little success. We have throughout 1985 been at loggerheads in trying to find out what we thought were minor logical points, not on the day-to-day running but on the major aspect of longterm viability. Questions like the ones that we have had answered today in the House were shelved by the Government over the past year with all sorts of excuses and all sorts of problems. We, honestly, on this side of the House believed that it was not a case of the Government benches not wanting to answer the question, it was a question that the Government benches did not know their answers themselves and we were particularly worried about how the company was being kept in check from both angles, the angle of the Controller which I have mentioned in the past and mentioned again today, and on the political responsibility which we thought was not, in fact, working. It has been this mistrust between one and the other side of the benches in the House of Assembly that has led to a lot of discussion and a lot of aggravation in this House when we have referred to the Gibraltar Shiprepair Limited. It is the questions that we have put today, Mr Speaker, that were the questions that we were trying to get answers, in fact, to do what we have been trying to do and what we started to do today. We started to gauge the performance of the company and to compare that with their performance which they said they would do in their proposals in the A & P Appledore Report of 1983. We are glad, and I think the Hon Leader of the Opposition has already stated that we are glad that for the first time today, in fact, we have had all the questions answered, we have had a good debate on the Gibraltar Shiprepair Limited and I agree with the Hon and Learned Chief Minister, he said that we would have this when the accounts were brought in front of the House, the only thing we disagree with him is that we didn't think that this should be done on a yearly basis but should be an on-going thing in question time so that we could gauge the viability throughout the year. But be that as it may we have, at least, today started on a good footing in order to be able to discuss things about the Gibraltar Shiprepair Limited. Mr Speaker, I think we have already mentioned this and the Leader of our party has

said this on many occasions, we also put our hopes in the future of GSL as the future of Gibraltar and it is not our intention or it is not our hope that GSL will fail so that we can say: 'It has failed and we predicted that it would fail'. But we have to be convinced, Mr Speaker, that the thing is being run properly and it has long term viability and, as such, up to today and, in fact, including today, we still do not accept that this is the case and this is why in the past, particularly when the Hon and Learned Chief Minister got up, I think, in his farewell speech to Sir David Williams, the last Governor, and certainly in the inaugural speech when the new Governor arrived, Sir Peter Terry, although I wasn't present, he was speaking on the fact that GSL looked to be a success 'accepted the advice and events have shown that it was sound'. Well, we don't have evidence even today that it is sound. We have evidence to prove that it is running and that it is running at a loss and the reasons why it is running at a loss have been made evident today. We would still want to continue our way of doing things and, in fact, I think the Hon Leader of the Opposition has put various questions in front of the Hon Financial and Development Secretary which if unanswered because of the short time, we would be coming back in future question times to try and clear them up. At this stage I would like to state that certainly if the proceedings when we refer to GSL, go as they have gone today we can look forward to be able to gauge on both sides of the House as to the viability or otherwise of the company. There is another point I would like to make and I think we have made this point before, certainly not directly but perhaps on our comments at question time and I think it is about time that the Government benches, that the Hon and Learned Chief Minister decided to give a political responsibility to one of his Ministers or maybe to himself to answer on behalf of GSL and not to pass the buck to the Financial and Development Secretary who has ever since its conception taken it upon himself in the former time because he was Chairman of the Board and of late because he is the Financial and Development Secretary but, certainly, all the questions answered in this House and all the statements made in this House except for the one on the 12th December and a couple of times that the Hon and Learned Chief Minister has answered, have been answered by the Financial and Development Secretary. I think the Government, in fact, went to an election and fought the election on the Gibraltar Shiprepair Limited and of their acceptance of A & P Appledore's proposals and I think it is only fair that they take the political responsibility for it and that certainly on matters of policy, certainly on matters of judgement, it should be one of the Ministers who should answer and make it a political responsibility and not a responsibility of the Financial and Development Secretary not because I think the Financial and Development Secretary, now that I see him walking in, is over-

worked but because he will be leaving us shortly and there is always the excuse, if something does happen, that the fault lies squarely on his shoulders and he is not here any more to answer for that fault. It should also be a political responsibility because, as I said, the Government fought an election on this and one of the things that did come out at the time was phrases like 'a fair day's wage for a fair day's work'. The Government fought an election on that and must ensure that that is the case and as 100% owners they, like any other 100% owners, they have managers to do their work for them but nevertheless the responsibility always lies on the shoulders of the owners whether it is a profit-making organisation or whether it is an organisation that runs purely to create full employment for Gibraltar, nevertheless it is the owner's responsibility to make sure that their managers are doing their job properly and I think that is a political responsibility seeing that the owners of the company are the Gibraltar Government and the people of Gibraltar and therefore that is why we consider this is answerable here in the House of Assembly. The point about the Controller, I think we have already tackled that and, in fact, the Hon and Learned Chief Minister has in fact said that he is going to give it his own personal time and look into this. The last point I would like to make is the point about the apprenticeships. Before I go on I am still due an answer on whether or not the apprenticeships given by GSL qualify or the qualifications are valid outside Gibraltar. I have already spoken to the Hon Dr Valarino, in fact, it is both our fault that we have not looked into this earlier but he is going to give me an answer shortly and I will follow this in the House if I think the answer is not to our satisfaction. The apprenticeship side has two sides to it. On the one hand training our young people to be able to take on jobs with the Gibraltar Shiprepair Limited. Also training of our youth in order that they might use these qualifications if ever they want to go out of Gibraltar and these qualifications should be acceptable, certainly in the United Kingdom and hopefully anywhere else in the world where there is any shiprepair work. But one area where we must make sure and when I say we I mean the House of Assembly globally, is the fact that the company should also be training people to take over the jobs at the moment taken over by the expatriate managers. I think this is one area where the Gibraltar Government should keep in check because it is all very good to teach our youth to take on the jobs as welders and as craftsmen but we must also make sure that we are working towards a period where if the Gibraltar Shiprepair Limited is a success all the jobs will be taken over by Gibraltarians because it is in this area that there is a loss of a substantial amount of money to our economy and I think this is one of the main points that has to be looked at by the Government as the 100% owners of the company. I think

I don't have anything else to say, Mr Speaker, I will listen now to the Hon Financial and Development Secretary and see whether any of the points that were made by the Hon Leader of Opposition are, in fact, answered.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I will try and confine myself to the points raised during the debate by Hon Members opposite. I hope they don't expect me to talk about political matters and which Minister should carry the responsibility which is not really my place. The Hon Leader of the Opposition opened his remarks by making mention of the information included in the accounts this year and also made a comment about the reference in the accounts to the fact that certain items had been included because the company was still a company funded with public monies and sounded a note of caution, I think it is fair to say, about the concluding comment in the Principal Auditor's Report, in fact, that this would not be the case when the accounts incorporate the results of the company's trading operations. I think clearly there is here a balance to be preserved, one must not include anything in the accounts of the company which is operating in a commercial environment, in a competitive environment, which might be of use to a competitor. It really is a question of drawing the line between what can reasonably be regarded as of value to a competitor and therefore damaging to the company's trading prospects and what it is reasonable to expect the company to include because it is still being funded by Government money and because it does as Hon Members opposite have said, represent a large part of the Gibraltar economy and provides for a substantial employment of the Gibraltar working population. I think this is something, clearly we have to watch closely in the future. I certainly take note of the comments which the Hon Leader of the Opposition has made and I think I could say that there was, in fact, some difference of view between the company and the Government on this very issue, the company taking the view that they were a private company and therefore only obliged to provide what a private company is obliged to provide by law and the view of the Government which was, I think, closer to that of the Hon Leader of the Opposition on this matter. However, it is a question of drawing a balance and this is something which, as I said, we will certainly have to consider again next year. On the other comments by the Hon Leader of the Opposition, I think he raised some question about what one might call the pluses and minuses of the various variations

between budget and expectations. My difficulty here is really twofold. One, I was trying to provide the House with information about the main variances and I did list them: capital equipment costs have exceeded budget by some £300,000; the general re-allocation refurbishment costs are by £800,000. In addition to that, for various reasons, operating costs have exceeded budget by £4m. Those are the adverse variances and on the plus side, as I said, not all contingency provisions were taken up and there had been a freeze on certain minor works and that produced an offsetting saving of around £600,000. I can understand the Hon Leader of the Opposition and, indeed, Hon Members opposite, in wanting a close comparison with the original forecasts which were made by A & P Appledore. I have difficulty in really following that concept because we are moving away from a situation which, I mean we have an estimate as we have with Government Departments and then an appropriation account at the end of the year. It is very difficult to monitor and, indeed, it is not the way in which a commercial company would normally proceed in that sort of way. The other reason is that we are not yet fully through this trading year for the company and therefore I cannot give what I might call figures which have been audited as, of course, I can with 1984 because they are in the accounts and they have been audited. So there are two reasons there. I take the point made by the Hon Leader of Opposition, it is certainly true that ODA who, of course are responsible for their part in the UK for monitoring the outflow of the funds in the original grant of £28m, do keep a watch on variances because they might find themselves accountable elsewhere for the £28m. There is also, of course, a Government official as a director of the company and he is there as a watchdog not necessarily representing the Government as such but there as a director of the company along with his fellow members of the Board who are naturally concerned to see that expenditure by the company is incurred in a way which gives value for money or if there is a reason for expenditure being more than budget then that particular reason is fully explored before authority is given. I think that is the way in which the company ought to be left to operate but I do recognise that there is a difference between my view on that and the Government's view and that of Hon Members. I will consider that and it may be possible, at the end of the day, to give a more precise account of how the £28m has been spent and it may be possible, in those circumstances, to identify the major variances between the eventual outcome and the original forecast. The Hon Member did, however, ask specifically about the figure of £24m which I mentioned earlier in the debate would have been spent by the end of December. I think it is fair to describe that figure, again one is talking in commercial terms, in terms of accruals rather than cash accounting, and so the figure is one of commitments. It doesn't necessarily mean that cash has been

expended to the value of £24m, there are inevitably some accruals included in that figure. But what it does mean is that £4m is available for 1986 and almost all of this would represent working capital, that is to say, most of the capital expenditure will have been committed by the end of this year. Again, as Hon Members will recall, I did mention an area of doubt over one particular project and of course it is the largest of all the projects, namely, No.1 dock. I don't want to mention a figure there for obvious reasons. If I were to mention a figure then the company concerned would say: 'Oh, so that is what they are budgetting for'. I think I would rather not do that because it is still subject to the possibility of claims and counter-claims and, again, this is one of the difficulties, I think, in operating in a commercial context rather than in a Government accounting context. The Hon Member mentioned the computer system.

HON J BOSSANO:

If the Hon Member will allow me to interrupt because it seems to me he is moving on to something else and I don't think he has given me an answer which he should be able to give me at this stage. I accept what he says that the figures that he has given us about the 1985 situation of which we are grateful, are not the final audited figures, they have given us an indication but I was questioning the accounts as well, that is, in the context of the total amount of money which is £6½m of ODA funds having been provided by December, 1984. There is nothing in relation to that figure that we have to wait to find out because these are the final accounts for 1984 and therefore my question was, in relation to 1984 and it is an important question as far as I am concerned, is how is it that in these proposals prior to the start of commercial operation, the figure was £8.2m and in this the figure is £6.5m. Is the £1.7m difference due to underspending and the fact that it might have been spent after the 1st January and consequently was expenditure that might have been preparatory work but which in fact overspilt the end of the calendar year, or are we saying that the preparatory work cost £1.7m less and that therefore there is now £1.7m more available for operating expenses rather than for preparatory expenses? In the context of the breakdown provided initially the company was supposed to spend in preparatory expenditure £3.7m and we have a situation where in actual fact the company has spent something near that figure, from page 7 of the accounts, however it includes £2m of setting up costs which are now being shown through the profit and loss account because of the requirement of the Gibraltair Ordinance and the fact that it has to be done by the issue of shares whereas in the original projection as the Financial and Development Secretary himself

mentioned in his opening remarks, in the original projections that £2m would have been part of the Gibraltar Government expenditure which was programmed to be £4½m. My question is, if there is a £1.7m difference I cannot tell where the difference is from the figures that I have got and from the explanations that I have been given and I think now is the right time to get an explanation to that because I am talking about expenditure up to December, 1984, and comparing it with December, 1983, here because December, 1983, here is the run-up to the Dockyard closure before the year's deferment. The basic difference between this and this is the year's deferment. I could understand if we had a situation where the Financial Secretary came up in the House and said: 'The original proposal was that the preparatory expenditure at 1983 prices was intended to be £1½m but in fact because of the year's deferment it came to £1¾m'. Although I need to point out that in the May, 1983, proposals which were a revision of the original tender proposals approved by the consultants, the provision for contingencies and the provision for cost overruns were fairly substantial. We had figures of 5% and 10% included in a number of areas, for example, in the projection for GSL investment, the total figure of investment by GSL was £7.8m in two years and that figure showed a breakdown which included a 5% for cost increases over the 1983 situation. The breakdown between the first and the second year was that the £7.8 was supposed to have been spent £3.7m in the first year and £4.1m in the second year. My question is, if we spent less than £3.7m in the first year which we clearly have, is it because they were able to do it cheaper and consequently they have got the money left for something else or is it because in the second year instead of being £4.1m it is going to be, say, £5m but the total is still going to be £7.8m? I think that question should be answerable now because it is related to these accounts.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Speaker, but I can only go back to what I said that inevitably there have been variances in expenditure and there have been variances in the phasing of expenditure. I think it is impossible and, indeed, I am not going to attempt to reconcile precisely what was in something published in 1983 on an item by item or, indeed, year by year basis.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. I am not asking for that, Mr Speaker. The Hon Member has said he is not going to give me item by item precisely, I don't want that. I am talking of a difference of the order of £1.7m in an

expenditure of £3.7m. Surely, the Hon Member cannot tell me that he has missed that £1.7m has gone astray in the first year? I am not asking him to tell me how much did they buy each car for or what did the notepaper cost or how many biros have they got, I am not saying that, I am talking about £1.7m. My question is very simple. These accounts show that £1.7m less was spent than was expected to be spent. Is it because the money was spent later and there was slippage, I explained all that before, in which case I would expect in 1985 that there will be £1.7m more which is what is less here or is it that there was a saving and that money is available for something else?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mainly, Mr Speaker, it is because of slippage and I think it is fair to say that the total for year one and two together will be higher. What happens in year three remains to be seen. I mentioned the computer system and insofar as I am aware although there have been teething problems with the computer system it is working and the amount which was spent was, in fact, close to budget. There is one other point I should perhaps mention and that is consultancy fees. This is a rather complex situation.....

HON J BOSSANO:

Before the Hon Member leaves the computer, I also asked whether it was working?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, it is working, my latest information is it is working although there have been teething trouble. There is also the question which the Hon Member raised about consultancy fees which, as I said, is rather a complex matter. It is true that ODA did pay for the consultancy fees in respect of certain individuals up until the end of 1984, that is to say, up to the 31st December, in fact, they paid for Mr Abbott's salary which is one of the items which was highlighted, and a number of others. They did not, however, pay for those consultancy fees which came within the scope of the Management Agreement and they were a charge on GSL account and came out from the GSL budget. The level of consultancy fees is naturally something which the Board, certainly in my time and I am sure under my successor, Mr Simonis, the same applied, have been subject to a fair amount of scrutiny because obviously consultancy is an expensive way of getting staff compared with direct recruitment. I think that covers all the points I can offer in reply to those made by Hon Members, Mr Speaker. I commend the motion to the House.

MR SPEAKER:

I would like to say that when a motion, like this one, comes for noting a particular document or situation, it is to give Members an opportunity of expressing their views on the matter without having to come to a definitive decision and in accordance with the Rules and Erskine May, there is no need to put it to the vote because there is nothing to decide. In other words, the House is taking note and has had an opportunity to discuss the matter so we will leave the matter as it stands.

BILLS

FIRST AND SECOND READINGS

THE TRAFFIC (AMENDMENT) ORDINANCE, 1985

HON M K FEATHERSTONE:

Sir, I have the honour 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 have the honour to move that the Bill be now read a second time. Sir, this Bill has two parts to it. The first part seeks to transfer responsibility for traffic matters from the present Transport Commission which presents the difficulty that it was not required to follow Government policy, to a Traffic Commission which will be more closely tied to Government policy. The Transport Commission, I must accept, has done very good work in the past but there have been times when they have gone out a little bit on a limb, in fact, I believe at one time they wanted to do something completely contrary to Government policy and there was almost a legal case, in fact, they went to Court to sue the Government to see that their way of thinking was the right one and not the Government's way of thinking. This will not occur with the Traffic Commission which will be required to follow Government directives in the main. The new Traffic Commission will be chaired by the Minister and will have three ex-officio members, the Commissioner of Police, the Director of Public Works and the Director of Tourism and two other members, one of whom it is hoped will be a legal practitioner at the Gibraltar Bar. The other feature of the new Traffic Commission is that they will be able to require witnesses to appear before.

them which is something which the Transport Commission doesn't have as a facility at the moment. The second part of the Bill, Sir, refers to the question of parking tickets. At the moment a parking ticket is £2 and it seems to be current practice by certain people that it is far easier to pay a £2 fine and park their car where they shouldn't park it rather than to seek a parking place further away, in fact, they almost look at it as a parking fee. The intention is to increase the fine for a parking ticket to £5 and to increase the fine for interfering with a parking ticket to £25. Another major change in the question of parking tickets will be that the onus for the liability of having the car parked there will devolve on the owner of the car so that no longer will it be a defence to say: 'I didn't park the car there, it was my son or my chauffeur or my friend or somebody else'. The owner of the car will be the person liable to the prosecution and to pay the fine. 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 C PEREZ:

Mr Speaker, the first thing that I would like to draw attention to is a technical one in that Clause 54 is identical to Clause 55 so, in fact, there is no amendment there perhaps only the substitution of the number but as I see it from the old Bill, Clause 55 and Clause 54 are identical. Let me say, Mr Speaker, that we object on various grounds to this Bill and we will be voting against. First of all, I will remind the Hon Member that at question time in the meeting of the 26th June when I raised several issues on transport and traffic he said: 'There will be more than a week to make any representations that are necessary, there will be ample time', and he committed himself to give ample time to those affected by any legislation to make their representations so that if the Government saw that those representations were acceptable to them they could amend or they could change the amendment before coming to this House. This has not been done and, generally, I am sure my colleague, the Leader of the Opposition, will have something to say about all the Bills in the context of the short time that we have had to look at them. But specifically on this one, there is a commitment in Hansard by the Member to give ample time to consider the situation and he has not done so. On that basis we are certainly objecting to the Bill. Secondly, Mr Speaker, it seems to me that the only thing that this Bill is doing is transferring all the power from the Transport Commission to the Minister and calling it the Traffic Commission. We have the

ridiculous situation where we have been told on this side of the House that when a Bill refers to the Governor in a defined domestic matter it is actually referring to the Council of Ministers. We are being told that this Bill is going to work on Government policy so we have the ridiculous situation where the Minister gives directions in Council of Ministers to himself as Chairman of the Traffic Commission so that he advises himself again at Council of Ministers, a three-in-one. This legislation, Mr Speaker, is only legislation to rubber stamp the thinking of the Government and then we are led to believe that there is going to be a Committee and a difference of opinion between members of the Committee. I cannot see civil servants opposing the Government's view, Mr Speaker. I cannot see how it is that the Hon Member wishes to draw up a Committee on traffic matters without anybody in the Committee representative of the people affected by it. A representative, perhaps, of the Taxi Association, a representative of the transporters, they are the ones who know what the situation is like. Mr Speaker, I asked in June on issues related to transport and traffic and I was told by the Hon Member on the question of taxi licences to wait for the new legislation. I asked the Member what was the policy on the issuing of up to seventy-five road service licences and I was told that the whole thing would be looked at in connection with the new Bill. Well, what has the new Bill got to do with all these things which I raised? Whether it was Government policy or not had nothing to do with this Bill. This Bill is only going to allow the Minister to implement Government policy and he has, in fact, not said what Government policy is yet. We have a situation where the Hon Member stripped the Transport Commission of matters of traffic and left it solely the responsibility of licensing and matters of transport. That, in my view, made the Transport Commission lose its effectiveness and now because it loses its effectiveness and perhaps because the Chairman of the Commission and the Minister have had a clash over matters, we not only transfer all the powers from the Chairman of the Commission to the Minister, but we extend those powers. It is ridiculous, Mr Speaker, that in Section 55A(2), as I understand it, it says: 'The Commission may receive such evidence as it thinks fit, and neither the provisions of the Evidence Ordinance nor any other rule of law shall apply to proceedings before the Commission'. That strikes me as implying that the new Traffic Commission is not going to be as quasi judicial as the Transport Commission was. And then we go to Clause 55A(3) and (5) and we say that whoever doesn't appear when summoned is 'liable to an offence on summary conviction to a fine of £100 and to imprisonment for one month'. I am not very well versed with what the constitutional position is but, surely, the offence of not appearing when being summoned to the Traffic Commission should not warrant the punishment of £100 and one month's imprisonment.

Section 55A(5) states: 'Any person who behaves in an insulting manner or uses any threatening or insulting expression to or in the presence of the Commission shall be guilty of an offence and liable on summary conviction to a fine of £100 and to imprisonment for one month'. Mr Speaker, these powers that are being given to the Traffic Commission would be described in any other circumstances as reverting to a Police State. Surely, if the Transport Commission has been able for all these years to operate without these Clauses in it, I cannot see the reason for the Minister wanting to have this included in the law. Mr Speaker, as far as I see, there are a lot of issues outstanding on traffic where perhaps the Minister has been at loggerheads with the Chairman of the Transport Commission and they have been dragging their feet on it and the situation has worsened and we are now trying to use that as an excuse to transfer all the powers to the Minister. Well, if you are going to transfer all the powers to the Minister why have a Traffic Commission; let the Minister take the decisions but let us not believe that there is going to be a quasi judicial Commission there deciding matters because if the Commission is going to work by Government policy and the Minister is going to be the Chairman of the Commission and the Governor in the law is the Council of Ministers again, why change the Ordinance in the first place or why have a Transport Commission. Why not transfer all the powers to the Minister and that's it because this is a rubber stamp Commission, all this Commission is going to do is rubber stamp the Minister's thinking and the Minister's policy or the Government's policy and I think it has not been looked at on the basis of what is good for traffic or transport, it has not been looked at on the basis of taking opinions of people in the know in the areas, of looking at the representative sectors in the area and having a consultative committee to advise the Government where they might not be aware of the circumstances, it has not been looked at like that. They have said: 'Alright, the situation is not working as we like it, we don't agree with what the Transport Commission is doing, we have stripped it of part of their powers already so now we are going to eliminate it completely and transfer all that power to the Minister'. I am afraid, Mr Speaker, that under these circumstances we cannot support this Bill. We will be voting against and certainly the point that I made at the beginning that the Minister had committed himself that there would be ample time to make representations when the Bill was published, has not happened. It has not happened on this one and it has not happened on any of the other Bills in the Agenda but, certainly on this one, there was a commitment on the part of the Minister to do so and he has not done so. Thank you Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, I think the Hon Member is ignorant of the working of Committees where there is a mixture of political representation and management representation. Of course, the final decision on any matter on which the Minister were to be against what was advised to him in the Transport Commission or the Traffic Commission would go to Council of Ministers to consider but that is not the way the thing works. The way the Committees work are that the people who are concerned in the matter and there they are, the Commissioner of Police, the Director of Public Works, the Director of Tourism and two other members, they will be advising the Minister, they will be looking at all the problems, in fact, there is now a Traffic Committee since the opening of the frontier which has done very good work and which has run administratively and has been chaired by the Minister. The fact that they are officials does not mean that they don't express a view, of course they express a view and, in fact, they express their technical knowledge. The Commissioner of Police on traffic, he knows his problems, he brings them to the notice of the other members. The Director of Public Works has to deal with carrying out the decisions or say to what extent he can carry out decisions about traffic islands and things like that, he has got to see to it that the work is done. And the Director of Tourism, of course, is a very important input in that he can express the view of what is good for the tourist trade. Committees don't run on the basis that the Minister has made up his mind, goes to a place and takes the precious time of four or five Heads of Department to tell them what he wants. He discusses matters very much the same as the Minister discusses a matter with his advisers and if there is a conflict of view then it is ironed out. If there is one of substance then of course the Minister would refer the matter to Council of Ministers. It is true to say, of course, that the Government is taking responsibility and in that respect it would be much more useful for Members opposite because then the Minister will be answering to the House on the policies that he carries out on traffic. The Chairman of the Transport Commission was not answerable to anyone to the extent that when they thought that a directive properly given by the Government was wrong, they took the Government to Court for a declaration that we were wrong. The Court upheld the Government's decision and disallowed it and we even had problems over the cost of the application. In the end we finished up by paying their costs for having taken the Government for a judicial review of what the Government had decided should be done. That kind of work doesn't lend itself to smooth administration, to have a hostile Commission or to have a Commission that thinks it has more powers than it has whereas if you are a Minister and you are responsible he will be answering questions here. How many

times have questions been put in this House and the reply has been: 'Well, this is a matter for the Transport Commission' and we have been criticised for that. I think Members opposite, especially the Hon Mr Perez, is entitled to oppose the Bill but he has missed the point and what is happening now is that the policy decisions will be taken by the Government and will be answerable in this House.

HON J E PILCHER:

If the Hon Member will give way. Mr Speaker, to a point he is answering points made by my Hon Colleague but missing the point entirely. I think he is asking what is the purpose of this legislation here in front of us that gives the Minister specific powers under the legislation? The Hon and Learned Chief Minister is saying that it is purely to give the Minister advice. Well you don't have to legislate for the Minister in charge of transport to call up the Commissioner of Police, the Director of Public Works, the Director of Tourism and order them to come to his office where he is going to discuss the matters with him. What is the purpose of the legislation? The purpose of this legislation is to give him powers and protection because it gives him the powers to do it and it protects him against abuse and a lot of other things but the question is, what is the purpose? What can he do under this Traffic Commission that he couldn't do without this piece of legislation?

HON CHIEF MINISTER:

Apart from the fact that it is acquiring some powers which the Transport Commission has got now, that is quite clear, the thing doesn't work that way. The whole thing must be institutionalised, you must have a proper body that will look at all matters and will see the information that will help the Minister to make up his mind and help the others and if you don't have some regular body to do this then the Minister is not being properly advised, there is no institutionalised approach to traffic. If he has to get everybody together every time he wants to make up his mind, well, you have a Commission, you have a body. There are other Committees that were presided over by Ministers. The Education Council is presided over by the Minister for Education. Sporting Committees, these are advisory bodies which are presided over by the Minister and where he gets the feed-in of what is thought. Whether you like the Ordinance or not, I think the concept that the Minister tells the Commissioner of Police and the other Heads of Department who are not Heads of Department of his own Department what he wants to do is not right because, in fact, those people are responsible, in the case of the Director of

Tourism and in the case of the Director of Public Works they are responsible to their respective Ministers and they are the people who report to the Ministers. I think the Hon Member has got it wrong completely. What is being done now is making the question of traffic more answerable to the House than it was before.

HON M A FEETHAM:

Mr Speaker, I am going to restrict myself to speaking about the experience that I have had and why there has been an urgency in trying to get things moving but I want to explain to the House that this conflict that there has been for the last three years between the Government on one hand and the Transport Commission on the other is, I believe, as a result of on one hand a Traffic Ordinance which is perhaps one of the most antiquated Ordinance which is at present in the statute book and on the other hand because when changes come about they come about because of urgencies which arise and there hasn't been any policy which has brought the necessity to look at the Traffic Ordinance because there hasn't been a policy for transport and there hasn't been a policy for traffic for a very long time precisely because we have had a closed frontier situation and there have been other matters which required attention and consequently we have had a situation where we cannot put the blame on the Transport Commission in that situation because I have to agree with the Hon Minister for Traffic when he says that the Transport Commission have put in a lot of work and effort because at the end of the day the independent members, at least in that Committee, were doing it without any remuneration, were doing it as so many other people do, make a contribution for the betterment of Gibraltar. But they were doing it, let us be clear about that, they were doing it with the powers that were available to them in the Traffic Ordinance. I don't think any of the Hon Members opposite are disputing that the Transport Commission were quite right in saying: 'These are the powers that we have and these are the powers that we intend to exercise, I don't think anybody is disputing that. How do you face that sort of situation? I don't think we can do it and that is why when my Hon Colleague, the Hon Mr Perez, was saying when he was talking about the new situation, we cannot do it by putting the cart before the horse because if this Bill goes through, as it no doubt will because the Government have got the majority, we are leaving behind a sour taste and we are leaving behind a situation which could and still can be remedied and that is because we have to recognise that if a law is antiquated and if we recognise, as we must recognise because it is a fact for a variety of reasons, that there hasn't been a policy in the area of traffic and in particular transport, then we have to decide what that policy is and that is the

policy which the Government independently of the Transport Commission because I have to remind Members opposite that the Chairman of the Traffic Commission which is the proper title used in UK, is an independent person. The Chairman is an independent person and the members of the eight Traffic Commissions in UK for very obvious reasons are in fact full-time members of the Commission and the qualifications that they have are qualifications in line with the principle of licensing and public transport in general. Let me say that if Government have felt that the powers of the Transport Commission have hampered them in trying to get things moving, I can tell you that other third parties involved, and I am sure that Ministers opposite know who I am referring to, have not had any of their proposals for the last three years which have been put there, which has been an initiative on our side to get things moving and get improvements done in public transport and nothing of that has been done. The policy that should have been decided in this conflict is two things. First of all, we now create a policy where we decide what is going to be on one hand the semi judicial policy on licensing which must be carried out by an independent Chairman and on the other we decide what is going to be the traffic policy and that the traffic policy should continue to be in the hands of a Committee of this nature because those are the people who will need to ensure that the traffic requirements are met and so on and the record is there that since that Traffic Commission was set up a number of changes which have taken place in Gibraltar would have taken months if it had been done through the Transport Commission, mainly because members were independent and other members who are Government civil servants have got to adhere to a meeting where they have all got to be present, they haven't got to be away from Gibraltar and so on and so forth and there is an awful lot of malfunction in that, so that Traffic Committee was doing and has done a number of good jobs. But what we are dead against as my colleague has said is that we should widen the powers and thereby not have a situation where we see that justice is not only done but is seen to be done. With due respect to the Hon Minister for Traffic I don't think that having him as Chairman of this new Commission with all these wide powers we are going to find ourselves in a situation where we can say, quite frankly, that justice is not only being done but must be seen to be done because we are getting in an area where there are going to be a lot of vested interests and consequently those vested interests and I have to give an example and it was an example which went very much against my own personal gain because I have never been a person to point a finger at anybody and try to say: 'You are not being seen to be honest' and I unfortunately had to do it in my other capacity I had to go to the Supreme Court where the present Chairman of the Transport Commission for whom I have

the highest regard and I feel it is most unfortunate that it should end in the way it has ended by this Bill unless it is amended, I found myself in a situation where I had because of his other interests had to make the point in a number of points which were made by our legal representative that there could be a case of conflict of interests. What my colleague was trying to suggest was that perhaps we should not rush into this but that we should begin to agree on divorcing one thing, setting up the policy and having a Traffic Commission which deals with one particular aspect and an authority which deals with another. That, I think, is the best way forward and that is why I thought I should make these points because there is recognition of what has been happening and an awful lot of people have lost out and I wouldn't like to be a party to a Bill that is going to leave a disagreeable situation.....

HON CHIEF MINISTER:

Before the Hon Member sits down I ask him to give way because I want to reply to something if he doesn't mind. I did not in any way question the fact that the Transport Commission had powers and were using them. Of course, they were acting under the Constitution. Unfortunately, the matters that the Hon Member has mentioned are the matters that have given cause for concern and most of it, if I may say so, not what was done but what wasn't done, that was the problem. The problem is getting things done. Perhaps arising out of that contribution and the implementation of the Ordinance, will give a lead to the Traffic Commission of developing some other aspects of it in another way in respect of matters where a judicial approach should be made but it has to start from somewhere and if we attempt to wait until we get everything clear we never do anything and these are matters, mainly on traffic, which have got to be dealt with because we have a problem with us. I think we have been lucky so far that we haven't got stuck with all the traffic we have in Gibraltar.

HON M A FEETHAM:

The other point I wanted to mention is that it is not the best way, having said what I said about vesting all the powers on a Minister instead of looking at it on a broader basis and looking at the problems and trying to divorce one from the other, I don't think that that is the only thing. I think the Bill is going far too far with regard to offences and matters of imprisonment and matters of fines because that is not going to gain the goodwill of anybody. What right will the Commission have to summon a witness, whoever they want, and if he doesn't want to go he is subject to legal proceedings. It may well be as one of my colleagues is saying, it may be unconstitutional.

It seems to me that whoever has advised the Minister on the drafting of this Bill needs to have a rethink quite honestly.

HON A J CANEPA:

I think the question of penalties can be looked at in detail in Committee. The advice which the Minister has received, obviously has come from the Chambers of the Hon the Attorney General. The drafting of the Bill will either have been in the hands of the Attorney-General himself or perhaps a legal draftsman, I don't know whether it has been Sir John Spry.

HON ATTORNEY-GENERAL:

He looked at it.

HON A J CANEPA:

He looked at it, well, there you are, Sir John looked at it, Sir John is a former Chief Justice of Gibraltar, I wouldn't be surprised if he was Chief Justice at the time when the Supreme Court ruled that a piece of legislation that I brought to the House under price control was unconstitutional and we had to subsequently repeal it. I was making the point, Mr Speaker, that if an analysis were to be made of the many Government Committees that there are and if an examination is made of the nature of their scope and their composition I think it will be found that Government Committees, generally speaking, can be divided into two categories, either they are statutory, in other words, they are established under some piece of legislation or other such as, for instance, the one which is the subject of debate now, such as the Development and Planning Commission which is established under the Town Planning Ordinance or the Manpower Planning Committee which is established under the Control of Employment Ordinance or the Trade Licensing Authority under the Trade Licensing Ordinance or they are administrative and have been set up by the Government, some Committees of long standing to meet a particular need. The composition very often is of a mixed nature and the Chairmanship of Committees can vary. Administrative Committees, in particular, are very often made up of Ministers and officials, sometimes, not very often, independent persons. Statutory Committees of Ministers, officials and independent persons and sometimes a Minister is the Chairman, sometimes it is an independent person. In the Transport Commission an independent person is the Chairman, the Trade Licensing Authority it used to be an independent person, I think it is now the Consumer Protection Officer and the Committee consists of representatives of the unions, representative of the Board of the Chamber and independent persons. In the case of the Development and

Planning Commission, the Chairman by law is the Minister for Economic Development, the Minister in charge with responsibility for economic development. The Chief Minister then has power to appoint two persons. From 1973 to 1980 the two persons that he appointed were two Ministers, from 1980 up until the present he appointed a Minister and another person, namely, Mr A W Serfaty, in a personal capacity, and there are officials such as the Director of Crown Lands, the Chief Planning Officer, the Financial and Development Secretary and Services representatives. And invariably it is always ensured that if there are Ministers in such a Committee they should not be in a majority, they should be in a minority. In the Development and Planning Commission three Ministers in the past but they were definitely in a minority. I have been a member of the Development and Planning Commission and its Chairman since 1980 and a member since 1973 and I can never recall on any occasion either my predecessor and certainly I myself ever exercising a casting vote to achieve a particular result. The point that I am making is this, that I can assure the Hon Mr Perez, though he may find it difficult to believe this, that Members of the Government try to be scrupulously fair in the exercise of their powers in Committees and that officials, civil servants, are not there to rubber stamp anything. They are there to express a view, to take part in the discussions and, if necessary, to vote, if necessary because a good Chairman should try to find a consensus.

HON J C PEREZ:

Will the Hon Member give way? The Hon Member has opened the argument to all Committees. I was referring specifically to this new Committee because it is going to work by Government policy and that is precisely why the rubber stamping comes into play because the Government decides their policy, then the Government advises the Chairman who is the Minister and then the Minister advises the Governor who is the Government in this case.

HON A J CANEPA:

But the Development and Planning Commission, by and large, has got to take into account Government policy on planning matters and, if necessary, Council of Ministers may have to discuss any particular planning aspect but it is the Development and Planning Commission that has got the full powers and I can tell the Hon Member that, for instance, if the Government enters into, in fact I think there is a case which I asked the Attorney-General to advise on. A certain civil servant, an official, entered into an agreement in respect of advertising, giving a concession, and Council of Ministers may have agreed to that concession. If that agreement in any way infringes the powers of the Development and Planning Commission in

respect of the Control of Advertisements Regulations, it is the Development and Planning Commission that has the final say. The powers of the Commission cannot in any way be undermined by any decision which the Government might take. And it isn't different, the position is not different to what it is in this Committee. The case of this Traffic Commission is highlighted because of conflicts that there have been in the last few years and because it is manifestly clear that the question of traffic is not working, it is not working properly. I remember during the last House of Assembly near the end and I am sure the Hon Mr Bossano will bear me out, I am sure he remembers that certain allegations were made by the then Opposition against members of the Trade Licensing Authority, if allegations are made and an investigation is carried out and it is found that certain allegations are justified, then if the Trade Licensing Authority is not functioning as it ought to be, if it is not functioning properly, if it were to pursue a policy that is totally contrary to the interests of Gibraltar or the interest of the Government as perceived by the Government of the day, and after all it is the Government that is answering to the people, for instance, in the matter of trade licensing, if the Trade Licensing Authority were to be pursuing a policy that is contrary to the interests of Gibraltar in these matters, I have no doubt that the Government would have to send the Trade Licensing Authority packing, of course, we would have to do that because there would be a very serious conflict. But, by and large, Committees work properly and you don't hear anything about them because they are functioning properly and because officials, of course officials are able to have a full say in what is going on there and very often they have a vote and the vote of the Minister doesn't count for two or for three, it counts for one just as the vote of any official. This morning I said to my Hon Friend, Mr Featherstone, that I had received representations from a member of the public whether the Government would consider having ramps in Flat Bastion Road because of the fears that cars are going through very fast and a youngster might be killed. So I asked him: 'Would you consider this?' And his answer was: 'The Traffic Committee don't like this, the Traffic Committee don't want traffic ramps in what is a thoroughfare'. He didn't say: 'I don't like this' or 'I agree with you and I will see if I can do it', 'the Traffic Committee don't like it'. And very often I get that answer from him and I don't particularly like to be told 'the Traffic Committee don't like this' and I say: 'What about you, what are your views on the matter? Why don't you try and convince them?' It doesn't work like that, you have got to have regard for the views of people who, as the Chief Minister said, from a technical point of view perhaps know more about these matters than the Minister himself does and the Minister should be guided by advisers and any good Minister would be guided. The other issue I want to touch

upon, Mr Speaker, which hasn't been mentioned at all other than by Mr Featherstone in introducing the Second Reading of the Bill, is the question of the parking tickets which this Bill proposes should be increased from £2 to £5. I have no doubt in my own mind that an increase is long overdue. I think parking tickets were introduced in the mid-seventies and obviously a fine of £2 is today hardly a disincentive to park in a no-parking, in a no-waiting or what have you area but I do want to underline one aspect and that is that since the opening of the frontier the Police have had difficulties in exercising their duties in respect of parking tickets and it became evident that some Police Officers, or the generality of them, were reluctant to put a parking ticket on the windscreen of a foreign registered car the thesis being that it was pointless. What is the point if you find a foreign car parked on the pavement at the Cathedral of the Holy Trinity where there are two yellow lines, what is the point of putting a parking ticket when they may leave Gibraltar that day and you will never see them back in Gibraltar again? And yet on one occasion I saw a row of cars and the locally registered vehicles had a parking ticket on them and the foreign registered vehicle did not. We in Council of Ministers have taken the view that that is wrong and we have communicated this to the Police. That is wrong because enforcement is another function altogether, I think the Police have a duty to exercise their powers, a certain amount of discretion is given to the individual Police Officer and if an offence is being committed I don't think you can have regard to the nationality or to the registration of a vehicle and parking tickets should be placed, if they are going to be placed, on all of them. Whether the individual driver or owner or hirer of car gets away with it because he doesn't come back to Gibraltar is quite another matter altogether and I don't think we can be discriminating against locally registered vehicles. And, of course, the point that has got to be borne in mind is that there are already a number of Spanish workers working in Gibraltar, some of them no longer bring bicycles over. I am glad to see that there has been economic progress across the way and it is good to see that they are able to afford to come over in a car. Those people are coming over regularly, they are parking their vehicles all over Gibraltar and in some instances, no doubt, in prohibited areas. I think the fact that that is a foreign registered vehicle should not debar the Police from reporting them. In such an instance where a car will be coming regularly to Gibraltar it should not be beyond the realms of possibility, if a record is kept, to chase up the fact that parking tickets have been placed on them if they neglect to pay the fine. As I say, Council of Ministers have already made that clear, this is an area where the Police work to us because traffic is a defined domestic matter and I hope that due note will be taken of the need to do this because otherwise to increase the fine from

£2 to £5 will be adding insult to injury. With that, Mr Speaker, I support the Bill.

HON J BOSSANO:

Perhaps I ought to dispense with the only thing I agree that has been said so far on the Government side, Mr Speaker, which is that we shouldn't put parking tickets on Gibraltarians if we are not putting them on people who come across from the other side. But as far as the rest of the Bill is concerned, it seems to me that either we have misread the whole thing or the Government is trying to create the impression that this is a very innocent tidying-up exercise which really is not breaking new ground. I think the cat was let out of the bag really by the Minister for Economic Development who said that if the Trade Licensing Authority was acting against Gibraltar's interest in their decision making then the Government would send them packing and if that was the case then I think there would be little dispute about the necessity to send them packing. But I don't think anybody has said here that the Transport Commission was acting against Gibraltar's interests, in fact, the Minister in introducing the Bill was saying that he was grateful for the work that they had done in the past although there had been moments of conflict and differences of opinion. Clearly, the main purpose of the Bill is to bury finally the emasculated Transport Commission. The Traffic Committee was set up by the Minister as an ad hoc administrative machinery to deal with traffic situations and I don't see, if that is working well, why it is that we are likely to run into a traffic congestion, as the Hon and Learned Chief Minister said at one point, if we don't do this change because presumably the traffic congestion would only be because of the incapacity of the people who are now on the Traffic Commission who are the people who are going to be incorporated in the new Traffic Commission. I think I won't labour the point made by my colleague about the inconsistency that we see in the law in a Committee that is required to work to directives from the Government, chaired by a Member of the Government, composed primarily of civil servants who may express personal views in giving advice but once a policy decision is taken then they carry out the policy decision whether they agree with it or not and at the end of the day who are supposed to be there to give advice to the Government under whose directives, to whose policy and under whose chairmanship they work. The whole thing to us is totally inconsistent and incongruous and it isn't enough to say: 'This is what is happening with all the other Committees'. It is not what is happening with all the other Committees, it isn't happening with any other Committee. I happen to sit, as the Government knows, on the Manpower Planning Committee representing the Gibraltar Trades Council and there we don't work to Government policy. We have had a situation in

the past where the Manpower Planning Committee gave advice on the quota a number of years ago when there was opposition to an increase in the quota for the construction industry and, in fact, that advice was disregarded by the Government who decided to increase the quota notwithstanding the advice of the Manpower Planning Committee because the Manpower Planning Committee, as an advisory committee, didn't have to work to the policy. Had we had to work to the policy we would have been told: 'The policy is increase the quota'. Then what is the point of giving advice or increase the quota if the policy is to increase the quota? Where there is an advisory function you are not working to a Government policy. Where there is an administrative function you are working to a Government policy. This Committee seems to be a hybrid expected to do both things and with, really, draconian powers. I think the Government ought to think twice about giving the Commission, as it is going to be called, the powers that they have because somebody who behaves in an insulting manner or who uses threatening or insulting expressions not just to the Commission but in the presence of the Commission, can be put in jail for a month.

HON CHIEF MINISTER:

If the Hon Member will give way. I think there may be a wrong conception of what it is. This is an offence which has to be investigated and has to be prosecuted, they haven't got the power to do that. Just one more small point, nor is it necessary because it says a fine and imprisonment, nor is it necessary to have imprisonment.

HON J BOSSANO:

I think my looking at other legislation, Mr Speaker, in other places, in the legislation where I have seen offences of this nature or penalties of this nature, it is usually either /or. Here, on conviction, the person found guilty of using threatening expressions in the presence of the Commission is liable, if he is found to be guilty, and let us not forget that the Commission sits in public or can sit in public on occasions and let us take a hypothetical case. They have got the right to summon any person to appear before them. Suppose they are hearing a case and they feel that the advice of the Hon Minister for Tourism or the views of the Hon Minister for Tourism might be valuable and he is sitting there giving his advice in public and he suddenly notices a journalist in the audience and we know the catastrophic effect seeing a journalist has on the Minister for Tourism, he then behaves in a threatening manner in the presence of the Commission and finds himself with a month in jail. Clearly, there are wider

repercussions to this legislation than the Government has given thought to. We are, as my Hon Colleague has said, voting against the Bill and we feel that there may well be very sound reasons for the Traffic Ordinance to be amended and perhaps there are very valid reasons for the composition of the Transport Commission to be altered on the basis that the Government wants an Ordinance and wants a Committee that is producing useful work and I think that it isn't just if a Committee is doing something the Government doesn't like that you send them packing, I think it is also a valid argument that if the Committee that you have got or if the law that you have got or the machinery that you have got is not producing results, then you have got to get a move on and get it replaced and do something else in its place but I don't think the defence of the Ordinance which is what we are voting for, there has been a defence made of a requirement to do something to change the existing machinery. There has been a case made for saying: 'This is nothing new, all that we are doing here is what already exists with other Committees'. If in fact the Government feels that the most expeditious way of dealing with situations is for the Government to run the show directly then it is better to do away with the farce of pretending that there is a Commission there that is independent of Government because if you have got a situation, for example, Mr Speaker, which is one hot potato implicit in this law which has not surfaced so far which is the question of licences. We have asked in the past in relation to taxi licences, what the policy of the Government was and we were told by the Government at question time that it was something that they were considering in the context of the whole question of transport policy. Is this the result of the revision of the whole question of transport policy that you just get rid of the people who don't do what you like them to do and you replace them by people who have got no choice. The only logical connection in this Bill is that by having the Commissioner of Police there, if somebody loses his cool and starts acting in an insulting manner he can be arrested on the spot but apart from that, Mr Speaker, we don't see how this is going to expedite any matter. Is it, in fact, that the Government has got a policy on what is going to be a sensitive area in relation to the taxi trade and they want to be able to do it in a way where they don't carry the entire responsibility for doing it because they can say there is this Traffic Commission who is deciding that but the Traffic Commission consists of the Minister, of three civil servants, of two other persons one of whom should be a barrister and a solicitor who don't have to be independent, it doesn't say anything about being independent, who don't have to be representative of anybody. In the situation of the numbers of Committees that the Minister for Economic Development has mentioned like the Trade Licensing Authority and the Manpower

Planning Committee where there are people who are there, they are not there in their own fight. It is very difficult in Gibraltar to find people who are independent and even if you find people who act with a degree of objectivity they can never be seen as totally independent because when they take a decision which doesn't please somebody there is usually an accusation of bias and that is something we have to live with because we are a small community. But the people who are there in a representative capacity both in the Manpower Planning Committee and in the Trade Licensing Authority are there on behalf of those nominated and they are not the sole arbiters, they work to policies but of course they don't work to Government policies, the people who represent the Trades Council work to Trades Council policy, the people who represent the Chamber of Commerce work to Chamber of Commerce policy and if there is anybody that works to Government policy it is the Minister that chairs the Committee and possibly the civil servants and the independents are there to balance that situation and possibly hold the middle ground and be swayed by the arguments of one or the other. If we replace the Transport Commission by something that is fairer, something that is more impartial, something that is more likely to come up with decisions in difficult areas with a measurement of success, then the Opposition will support the move that will improve the situation but we don't think this will improve the situation, this is an attempt to solve an unsatisfactory situation by replacing it with something that we consider to be even less satisfactory. I think the point about giving people the opportunity to put forward proposals, not us, Mr Speaker, but people affected in the trade, people who are going to be bound by the decisions of this Commission, giving them an opportunity, I would say to the Hon and Learned the Chief Minister that he has mentioned on two recent occasions the new attempts that are to be made to arrive at a basis for mutual understanding and a basis for looking at problems with the Trade Union Movement. I would say that there are organisations representing interested parties in

this area and that the same approach, the same philosophy of conciliation rather than imposition leading to confrontation is one that we support and one that we recommend to the Hon and Learned Member in this area as we have supported and said so in the area of industrial relations.

MR SPEAKER:

If there are no other contributors I will ask the Minister to reply.

HON M K FEATHERSTONE:

I don't have very much to say. One minor point for the Hon Mr Perez, Clause 54 is not exactly the same as Clause 55 as at the moment because it brings back subsection (a) which is 'advise the Governor on all matters affecting traffic on the roads' which was abolished recently in Clause 55.

HON J C PEREZ:

I apologise but I was looking at the Ordinance that had it included. If I might just say that another good reason for opposing the Bill is that on page 3 it is called the Landlord and Tenant (Amendment) (No.3) rather than the Traffic (Amendment) Ordinance notwithstanding that Sir John Spry had a look at it.

HON M K FEATHERSTONE:

We will amend that at Committee Stage, Sir. The Committee itself will work to general Government policy not to specific directives and I think as has been said by the Hon the Chief Minister and by my colleague, Mr Canepa, you can trust Government Committees to work with a modicum of fairness and intelligence. As far as having witnesses, I don't think the intention is to stand with a machine gun ready for every witness that comes along and say: 'Either you tell us what we want or you are going to be fined and imprisoned straight-away'. I think we can easily make a small alteration 'and/or imprisonment for one month' but this is a maximum in which the Court would adjudicate, not the Committee itself. The point that the Hon Mr Canepa has made regarding no discrimination against foreign cars is a very good point and perhaps we will see a Policeman in due course standing at the frontier with a big mass of tickets saying: 'We are waiting for you, here is a fine for such and such a day' as used to occur in La Linea many years ago when one went through. Apart from that, Sir, 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 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 Bill was read a second time.

HON M K FEATHERSTONE:

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 BIRTHS AND DEATHS REGISTRATION (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I don't wish to move this Bill at this meeting of the House. It was put in the Agenda rather hastily before the Bill had been approved. It will be moved at a subsequent meeting of the House.

MR SPEAKER:

So you are not proceeding with it?

HON ATTORNEY-GENERAL:

I am not proceeding with it at this meeting.

THE ADMINISTRATION OF ESTATES (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Administration of Estates Ordinance (Chapter 1) 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, this is the long awaited Bill to amend the Administration of Estates Ordinance in order to enable an employee aged 16 or over to nominate a person entitled on his death to receive any wages, gratuities, arrears of pay or other monies due to him from his employer. The maximum sum which may be disposed of in this way is £1,500. Mr Speaker, all the employee has to do is to complete a form in the manner indicated in the Third Schedule, sign it in the presence of a witness and deliver it to his employer. On receipt of the form the employer must make a record of the nomination, endorse the form with a note that he has made such a record and return the form to the employee for safe keeping. On receipt of proof of the death of the employee, Mr Speaker, the employer must pay out the monies due to the employee (to a maximum sum of £1,500) to the person named in the form. Any nomination made in this way is automatically revoked by the subsequent marriage of the nominator, by the death of the nominee in the lifetime of the nominator or by any subsequent nomination. An employee, Mr Speaker, cannot make a nomination in favour of his employer or the employer's servants or agents unless they are close relatives of the employee. The person who witnesses the employee's signature on the nomination form cannot take a benefit under the nomination. If the person nominated in the form, Mr Speaker, is an infant under 16 years of age or is of unsound mind, the employer may pay out to any person who satisfies him that he will apply the monies for the benefit of the infant or the person who is of unsound mind. Mr Speaker, the Government of Gibraltar is bound by the terms of the Bill. 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, we welcome this Bill. I think this almost dates back as long as the pensions for part-timers. The only difficulty that we see in the Bill is the question of the money, that is, the ceiling on the money because unless there is going to be fairly regular up-dating of the figure, we are talking now about a sum of money, £1,500, Mr Speaker, in respect of a gratuity, which is very little money nowadays and if somebody dies and they are owed annual leave and they are owed a week in hand or if they are monthly paid they are owed a month's wages and they are owed a number of months for a gratuity then, presumably if it is £1,501 that's it, because as we read it it cannot exceed £1,500. I would have thought that one thing worth looking at is to see the kind of sums that people have been paid recently in these circumstances because we might be legislating after all this time and find that when we finally get it on the statute book nobody can take advantage of it because there is nobody who gets less than £1,500 and that would seem to me to be a very sterile end to what has been a very long battle over something which we all agreed from the beginning was a good thing and there was never any controversy about the desirability of doing it and now that we are finally doing it it would be, I would have thought, a retrograde step if we did something, people expect that now they won't have to go through the process of getting legal assistance to get letters of administration and then they find that in fact nobody ever comes under £1,500 because the reality of it is that the vast majority of cases, certainly in my experience, are in the public sector. In the private sector there isn't the entitlement to this thing and therefore, generally speaking, the cases that have been brought to the Government's notice and where in fact individual Members of the Government have often acted for those involved without charging them in a professional capacity because they recognise the problem that it meant for a widow or for a family with heavy commitments to have to meet this expense. We welcome it, we have waited for it a long time but before we finally do it could the Government not take a look to see how realistic is the £1,500?

MR SPEAKER:

Are there any other contributors? The Hon Attorney-General may reply.

HON ATTORNEY-GENERAL:

The £1,500, I think the Government is fairly easy about the amount, but that £1,500 was fixed because under the UK Principal Civil Service Pension Scheme amounts due in respect

of wages, salaries and other emoluments from a Government Department up to a limit of £1,500 may be paid immediately to the nominee and that £1,500 was fixed and put in the Bill because of that particular Scheme.

HON CHIEF MINISTER:

I think that so long as it doesn't pass the barrier of where estate duty would have to be payable it could be higher.

HON J L BALDACHINO:

I think that you will find that in the Pension Scheme of the MOD it is related to UK but it doesn't necessarily mean that we have to follow that.

HON ATTORNEY-GENERAL:

That is a Scheme which operates in the Dockyard, I think.

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.

THE MISUSE OF DRUGS (AMENDMENT) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Misuse of Drugs Ordinance, 1973 (Ordinance No.6 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, Section 6(1)(b) of the Misuse of Drugs Ordinance, 1973 makes it unlawful to supply or offer to supply a controlled drug to another person. In Criminal Appeal No.3 of 1984, the Court of Appeal of Gibraltar said this:

'In Treacy v DPP Lord Reid said there is a strong presumption that when Parliament, in an Act applying to England, creates an offence by making certain acts punishable, it does not intend this to apply to any act done by anyone in any country other than England. "here there is an intention to make an English Act apply to acts done outside England that intention is and must be made clear in the Act'. There is nothing in the Misuse of Drugs Ordinance to suggest that the intention of the Legislature was that the word 'another' in Section 6(1)(b) should be read as including all persons in any part of the world and, in our view, the word should be interpreted as meaning 'another in Gibraltar'. Mr Speaker, this decision has caused the Crown a problem in dealing not so much with charges of supplying a controlled drug to another person but with charges of being in possession of a controlled drug with intent to supply it to another. Consequently, if a defendant was found in possession of a large quantity of drugs in Gibraltar and that person has the intention of supplying those drugs to a person in England or in Spain, he could not be found guilty of the serious offence of being in possession of a controlled drug with intent to supply it to another, he could only be charged and found guilty of a much less grave offence of simply being in possession of a controlled drug. And the object of this Bill, Mr Speaker, is to remedy that situation and make it clear that any person who supplies or offers to supply or intends to supply drugs to any person outside Gibraltar commits a criminal offence in Gibraltar. 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:

I think, Mr Speaker, we clearly support any moves in the direction of making it easier for the authorities to control any drug trafficking but looking at it from the point of view of understanding exactly what it is that we are doing, one thing that puzzled us was are we saying that if a particular drug is not an offence somewhere else outside Gibraltar it is still an offence in Gibraltar?

MR SPEAKER:

No, if someone is in possession of drugs in Gibraltar to supply some other person outside Gibraltar then he cannot be charged with the offence, he can only be charged with the lesser offence of being in possession, not with the intent to supply.

HON CHIEF MINISTER:

Mr Speaker, if you take the case of somebody being found with a number of packets of hashish in his pocket with names of people in La Linea, he would only be guilty of possession and not of possession with intent to supply.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE GAMING TAX (AMENDMENT) ORDINANCE, 1985

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Gaming Tax Ordinance, 1975 (No.2 of 1975) 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, this Bill comes from the same stable as the other measures which were taken earlier this year immediately prior to the 5th February, that is to say, its parentage is by 'open frontier' out of a mare called 'reduced taxation' and I hope that after a year has elapsed this healthy yearling will be named as 'increased Government revenue'. Reducing the betting tax from its present level is therefore mainly as a means of stimulating betting. I should perhaps declare an interest here as a keen follower of the turf although I hasten to add that I have not had a bet since I arrived in Gibraltar, I was tempted a short while ago on the occasion of the Champion Stakes at Newmarket which happened to be the last time I had a bet in the UK and I am happy to say that I backed a horse at 33 to 1 and it won.

HON J BOSSANO:

Appledore?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

But, seriously, this measure is being done in the expectation of increased betting from gambling expatriates on the Costa del Sol. The point being that many of the betting managers of Rock Turf Accountants and the owners have done their own market research into this. The existing tax at 12½% compares unfavourably with the UK tax and what, in fact, many people do is phone the UK with their bet. If you pay 10% or 12½% on a bet of £50 obviously this makes quite a bit of difference. I hope the measure will not be seen as in any way contributing towards the erosion of the moral fibre of those in Gibraltar and I would only say to those who might think that, I will end as I often do with a quotation from Shakespeare 'because thou art virtuous shall there be no more cakes and ale'. I commend the Bill to the House, Mr Speaker.

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 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 House recessed at 8.00 pm.

THURSDAY THE 28TH NOVEMBER, 1985

The House resumed at 10.45 am.

THE ELECTIONS (AMENDMENT) ORDINANCE, 1985

HON CHIEF MINISTER:

Sir, I have the honour 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 have the honour to move that the Bill be now read a second time. In July, 1983, a Bill was brought to this House in order to allow for the provision of postal voting and the opportunity was then taken to delete from the provisions of the Elections Ordinance the persons with what was called the 'non-residential vote' which was the vote of British Subjects living in the district of the British Consulate in La Linea and Algeciras and that, of course, meant that people not living within the jurisdiction were not entitled to vote. When the Bill for that Ordinance was brought before the House it was supported by Mr Bossano and whilst at the beginning there were certain objections on the part of the then Opposition, in the end everybody voted in favour and, in fact, I think in fairness to the now Leader of the Opposition, I would like to read what Mr Isola, then Leader of the Opposition, said at the time and this is relevant because of what their Party is saying now. He said, and I am reading from Hansard of the 6th July at page 122: 'Mr Speaker, as you know I queried the advisability of repealing Section 2(ii) of the principal Ordinance by virtue of the fact that I queried the position that could arise as a result of Gibraltarians genuinely having to seek accommodation in Spain because of lack of accommodation in Gibraltar and coming to work to Gibraltar and it seems to me that we ought to reflect on the possibility of keeping that in because of that sort of case. I must say, Mr Speaker, that having heard the argument especially from my Hon Friend, Mr Bossano, on the question of the dangers of in fact not repealing that Section because of the number of people who could be caught by it and I have looked at the matter and possibly it would be impossible, I suppose, to just allow Gibraltarians resident in the Campo Area to vote and not allow at the same time other British Subjects because the right to vote derives from being a British Subject and not from being a Gibraltarian. In those circumstances, Mr Speaker, I thought I would get up and say that certainly I, I know my colleagues do, but certainly I agree now to the repeal of that Section 2(ii). I think that in the circumstances I am convinced. We agree with that Clause as well'. Now they are saying that this Bill is in order to deprive Major Peliza from standing for election. And indeed even Major Peliza himself said: 'I think there are lots of points that have to be looked into, I do not think my Hon Friend said: 'Yes, we have got to include them', all he said was 'let's give it some thought', so that in no way do we deprive the Gibraltarians from exercising

their democratic right'. Well, I don't know that he gave it thought from the time he spoke because there are no timings in the Hansard of the time his Leader spoke but certainly by that time everybody voted in favour. We have given some thought to that and we have not hurriedly come to this House to do that and, in fact, at the Ceremonial Opening of the Fifth House of Assembly held on the 22nd February, 1984, in my speech on that occasion, amongst many other things, I said: 'I might add, in connection with the Elections Ordinance, that it is the Government's intention to amend the law so as to ensure that only those persons who are actually resident in Gibraltar will be able to stand for election in future'. We have taken our time and what this Ordinance does is, as stated in the explanatory memorandum, the Bill intends to amend the provisions of Section 2 of the Elections Ordinance so that the qualification is limited for the franchise and in consequence membership of the House of Assembly to those who live in Gibraltar either permanently or indefinitely. Clause 2 of the Bill will require a potential voter to live in Gibraltar during the whole of the qualifying period of six months as at present prescribed by Section 2 of the Ordinance, and also require him to intend to live either permanently or indefinitely in Gibraltar. Clause 2(c) of the Bill contains certain presumptions intended to clarify the provisions of the new qualifications for the franchise by indicating where a person has his home in Gibraltar, he is presumed to intend to live in Gibraltar permanently or indefinitely; where a person has more than one home, then he is to qualify for the franchise, Gibraltar must be his principal home; and where a person is in Gibraltar for the principal purpose of carrying on a business etc, and his wife and children are not in Gibraltar, his home shall be deemed to be with his wife and children. Let me add, for the benefit of the feminists that when the law says 'wife and children' it also means husband and children. Mr Speaker, we have taken a long time to produce this Bill because it has been difficult from the drafting point of view, it has been difficult to ensure that we get it right. I know that the Hon Leader of the Opposition with whom I have consulted this matter being one of electoral law and it is not a matter really for partisanship and he agrees with the principles and he may or may not have some points on the detail. This is a Bill which has taken a lot of time to emerge and we are quite happy to leave the Committee Stage and Third Reading of the Bill to the next House to give us a little more time to think about the special way of describing it but I hope that there will be general agreement on the principles of the Bill and we can go ahead and then there will be time for other people to make representations. I don't want to be particularly personal but the DPBG's communique says that this is intended to deprive Major Peliza from standing for election, that is the last thing that one

would want to do, that is, prevent him from standing for election, let him stand and let him come here and amuse us all and he can start qualifying now if he wants to live in Gibraltar, nobody will stop him but nothing is further from the truth, in fact, whilst he was in the House a lot of comments were made about it but so long as he remained a Member of the House I thought it would have been most improper for us to bring legislation. 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 principles and the general merits of the Bill are not a source of problem. It may be that the criticisms that have been made of it so far have been made of it, I think, from some people through a lack of understanding. Certainly I feel that the reaction, for example, saying that we are now going to take away the right of Gibraltarians who find themselves having to go and live in Spain, we are taking that right away from them now, that is not the case because it isn't a right that they currently enjoy. If we took that right away from them at all, we took it away on the 6th July, 1983, with a previous amendment and it was an amendment carried unanimously by the House and it was an amendment which, in fact, I think resulted from my drawing the attention of the Government as far back as 1980 when the Lisbon Agreement was signed and there was talk of the frontier reopening and I was drawing attention to a number of laws in Gibraltar which I felt could put us in a difficult position once normality was restored and there were a whole range of questions that I put at the time in 1980 and amongst them was the question of voting rights. And the basis of the argument is that, of course, the principle that we must defend as a parliamentary democracy, Mr Speaker, is that the people have the right to vote and that we want the widest franchise possible so that this House of Assembly reflects the community and this House of Assembly passes laws for the community and which affect the community and is voted by that community that it is legislating for, that is the essence of it. The reality is that if somebody lives in the neighbouring territory albeit because of the difficult housing situation in Gibraltar, for a great deal of the time he is under the jurisdiction of laws which we don't pass in the House of Assembly, which are passed in the Cortes in Madrid and it is true that if you have got British Subjects who commute to Gibraltar to work and don't vote in Gibraltar, they may be totally disenfranchised in the sense that they don't vote here and they don't vote there.

But we must not ignore either that the number of Gibraltarians in existence is very limited and that we have a situation where when we gave the right to vote to British Subjects living in the Consular District of La Linea and Algeciras the number of those British Subjects was also very limited and probably a good proportion of them were Gibraltarians whereas today we have got a situation where we have got the European Community encouraging free movement of labour throughout the Community and you have got a situation where the neighbouring territory is part of the European Community on the 1st January, 1986, and if there are already many thousands of British Subjects living within daily travelling distance of Gibraltar that, if anything, is likely to increase rather than diminish and the danger which I pointed to several years ago and which I think eventually persuaded other Members on this side of the House in 1983 was the danger that we would be swamped, that we could theoretically however ridiculous it may sound, find ourselves with a House of Assembly composed of expatriates from the Costa del Sol and no Gibraltarians. I know that that is an exaggeration but the point is that it is no good trying to shut the door after the horse has bolted and therefore what I was saying then and what the GSLP says today in Opposition, Mr Speaker, is that we think that on balance because legislation is not about producing the ideal for a perfect world but of having to make decisions and choices, on balance if we have to guard against that risk and in order to guard against that risk we deprive some Gibraltarians of their right to vote in Gibraltar, well, we feel that we are doing the best thing for the community by pursuing that course of action and clearly the answer is not to say: 'We will enfranchise all the British Subjects who live in Spain'. The answer is to say: 'We must urge the Government to try and come up with an answer to the housing problem so that the people who live in Spain are the people who want to live in Spain and not the people who find themselves forced', because if we think of the basic moral objection to the Bill, well, not really the Bill that we are looking at, but to the existing situation, to the situation that we created in 1983, the basic moral objection is that if you are depriving somebody of the right to live in his own home town where he was born and where his family and predecessors have lived, by economic pressures, then you shouldn't add insult to injury by on top of that disenfranchising him. But, of course, the same is true of medical services, the same is true of education for their children and I don't think it is that the Government wants to punish Gibraltarians for going to live on the other side. I think the reality is that the Government and we on this side don't see any way of resolving the problem either, the Government is caught between two stools, if it gives it to the Gibraltarians it may find itself having to give it to everybody else, I think we all know that that is the problem and we cannot forget that although at this stage we are talking about the right to vote of British Subjects, there is

already a strong view within the European Community being put across very strongly that in the encouragement of the free movement of labour, community citizens should be enfranchised in the places where they go to live and work. The Irish Republic has already done this, the Irish Republic has already granted Community Nationals the right to vote in the Irish elections. Other Community Members, Holland and a number of others, already do this for local authority elections although they don't do it for Parliamentary elections but the trend is there, it is clear, and it would certainly be very difficult, just like the Government cannot say and has already been demonstrated, we have family allowances for British Subjects who commute and we don't have family allowances for other EEC Nationals who commute. We have income tax allowances for British Subjects who commute and we don't have income tax allowances for other nationalities who commute who are Members of the Community. I think that if it doesn't happen it could happen in five years time or in ten years time we would find ourselves in a situation where it would not just be a question of allowing commuting British workers, it would be commuting European workers having the right to vote and I don't need to spell out the dangers to anybody about that and I would have thought, least of all, would we need to spell out the dangers of that to the DPBG, quite frankly, I would have thought. As far as the GSLP is concerned, certainly we have a great deal of affection and respect for Bob Peliza and we don't want to do anything to stop him standing for election but we do feel as a Party, it is a matter of Party philosophy, that Members of the House whether in Government or in Opposition should be available to their constituents all the time and although it is an imposition that none of us like to have, we feel that if you don't like being dragged out of bed because somebody has got a headache and cannot get any response from the Health Centre at two in the morning, then you don't get into politics in Gibraltar because that is what politics in Gibraltar is about. If you care enough about the Gibraltarian people then you love them warts and all, Mr Speaker, and that requires having to put up with them twenty-four hours a day seven days a week, otherwise we shouldn't be here and therefore it is that principle that we defend. However, I am grateful that the Hon and Learned Chief Minister is not taking the Committee Stage because we are unhappy, and the Hon and Learned Attorney-General knows that we are, we are unhappy about the actual drafting of the thing and we certainly would like to have an opportunity to give this more thought so that what we do is when we come up with legislation we feel that the role of the Opposition must be that either it is opposing the legislation that the Government is bringing forward or else it tries to do a conscientious job of supporting it by ensuring that if we have got reservations about things that require improvement. Well, I understand that a great deal of thought has gone into the drafting of this and I often preface what I have to say in a House where the legal profession is well represented, Mr Speaker,

it is not an area in which I claim any expertise and it is perhaps because I tend to see it through the eyes of a layman rather than through the eyes of the expert that I can sometimes see things that don't seem to make sense to me although they may make sense to the members of the legal profession. I think a great deal of the worries that we see in this is this business of home and permanent home and the definitions of what is home and permanent home and, in fact, if we look at the Bill that there is before us where it says: 'where a person is stationed in Gibraltar for the principal purpose of carrying on a business, profession or occupation, and his wife and children, if any, have their home outside Gibraltar, he shall be presumed to intend to live permanently or indefinitely in the latter place'. I know that in the original draft 'stationed' wasn't there. If that was the Clause that was going to stop Major Peliza from standing then it doesn't anymore because he is no longer a Major and therefore he is no longer stationed here. But it does create certain little quirks, if I can give an example. We have got a situation where we have an industrial relations manager in GSL who conceivably could be said to be stationed in Gibraltar. Presumably, this does not apply to Servicemen since Servicemen do not have the vote so it would apply to expatriates who are serving on a contract and cannot be considered to have made Gibraltar their home because they are here for a defined period of time. The personnel manager we had before who was a very nice man and would have voted GSLP, was stationed in Gibraltar and had his wife and children in Newcastle and therefore he cannot vote because he kept two homes, the principal home by this definition was in Newcastle. He has now been replaced by a new personnel manager who will vote AACR, who has brought his wife and children with him. He is stationed in Gibraltar but he can vote because he has got them here except that he is having difficulty in finding a flat here and he may have to move into La Linea and therefore the AACR will not get his vote either. It is the translation of the principle and the philosophy to the reality that concerns us and therefore it is in trying to say: 'We must not create ridiculous situations at the end of the day', in trying to achieve an objective we find ourselves creating more problems than we have resolved and it is in that context that we think we need to look at this more thoroughly to do a proper job of it.

HON A J CANEPA:

Mr Speaker, I would like to say from this side of the House that we welcome the line taken by the Leader of the Opposition on this piece of legislation. The Bill before the House, Mr Speaker, is clearly not intended to be ad hominem but nevertheless even though it has got very little or next to nothing to do with Major Peliza, it is absolutely necessary that we should

effectively dispose this morning of this Major Peliza canard. The timing of amendments to the Elections Ordinance in July, 1983, and now at the end of 1985, is a logical process and a consistent process which is having regard and taking account of events as they are unfolding. In July, 1983, it was necessary to amend the Elections Ordinance because of two reasons. First of all, a general election was imminent in 1984 and, secondly, there had been a partial opening of the frontier in December, 1982, which made it possible for people residing in the Consular District of Gibraltar in the Campo Area to commute to Gibraltar on a daily basis. It was the awareness of those two facts together with the possibility of trends developing in the wide political arena which had become evident in general elections in 1976 and 1980 and, indeed, during the years of the restrictions, that led to the need for the Ordinance to be amended along the lines in which it was in July, 1983. One can sympathise fully with the sad family reasons that led Major Peliza at the time when he was, in fact, Leader of the Opposition in the middle of 1972 to have had to leave Gibraltar and between 1972 and 1976 there was not a great deal of criticism about the fact that Major Peliza was commuting to Gibraltar to attend meetings of the House of Assembly. But the situation, as far as we were concerned, changed in 1976 and we criticised him at the time of the general election. In the event he stood as an independent and was elected and therefore he could contend, and he did, that he had made it clear that his home was in London, that he was going to be commuting to Gibraltar and that he was standing on that basis. In fact, in 1980 his grounds for asserting that were even stronger because when he stood with the DPBG he was handsomely re-elected and figured much higher up in the overall poll. But I would agree with the Hon Leader of the Opposition that what Major Peliza was doing, certainly subsequent to 1976, was to my mind an abuse of democracy, a negation of the fundamental and essential principles of elective and representative democracy whereby people vote for you and you then acquire a duty, a commitment to represent the interests of those people and to be available to your constituents, to receive representations from them and to take matters up and you are not able to do that, Mr Speaker, if you are living over one thousand miles away from Gibraltar. Major Peliza, undoubtedly, did very good work in London in a specific area though some have doubts but, all in all, he was sincere in his efforts to promote Gibraltar's cause in London in the international arena but we are not just elected to represent Gibraltar in the international arena. His representation of those people that voted for him was not a full representation and when he came to Gibraltar for meetings of the House of Assembly, and it took Horace Zammit to cotton on to that very effectively, what Major Peliza used to do was to intervene in this House at every opportunity. Not a Bill went by on which

Major Peliza did not speak, not a motion went by on which Major Peliza didn't have something to say and, of course, what happened was that anybody listening to a report of the proceedings of the House over radio or over television kept on hearing the name of Major Peliza being mentioned and the aura was created that, in fact, Major Peliza was making a greater contribution to political matters in Gibraltar and to the House of Assembly and to political affairs than what in fact he was doing and he got away with it until 1984. In 1984 he was squeezed out because politics polarised in a way that they had never done before over one specific issue. In spite of that, though I think that it was the closure of the Dockyard and commercialisation that was the cardinal issue at the election of 1984, I would maintain that amongst many people in the electorate there was an understanding of the mistaken approach to political matters by the DPBG and by the more prominent members of the DPBG over a number of years and that their approach to politics was also rejected by the electorate. And we have seen the inconsistency in their approach to political matters only this week when they have come out with a press release totally forgetting the stand that they took in July, 1983, here as a party and totally forgetting what Mr Isola had to say here in the House in July, 1983. You cannot do that, Mr Speaker, you will be caught out sooner or later and what happened in January, 1984, was that matters caught up with the DPBG once and for all and they still think that they can carry on in that same way. And then, Mr Speaker, to call upon the Governor to intervene. The Governor was here in this House a few days ago, subscribing to the principles of our Constitution, identifying himself with the community, thanking the House of Assembly for the part that we play in the democratic affairs of Gibraltar and here you have a group of people some of whom were Members of this House for nearly thirty years, now calling upon the Governor of Gibraltar, recently arrived in Gibraltar, to overrule and to overthrow what this House of Assembly wants to do. What sort of democracy is that and what a shame to be called the Democratic Party of British Gibraltar. What more anti-democratic action could you have than that the Governor should intervene and overthrow the decisions of this House on one of the most fundamental matters at stake in democracy and that is who can stand for election and who can vote at elections? Nothing is more sacred than that and the Democratic Party of British Gibraltar expected the newly arrived Governor, the representative of Her Majesty the Queen, to interfere with the affairs of this House, what a shame. But looking at the matter on its merits. What is essential to preserve and to ensure that it doesn't occur is that a community does not develop either in Gibraltar or partly in Gibraltar and partly in the neighbouring area in Spain which becomes a divided community. The bulk of the problems of

Northern Ireland have to do with the fact that there are two sizeable divisive communities. Fortunately that is not the case in Gibraltar. We are a united people on the essentials, on the fundamental principles which we are fighting to preserve and whilst it is said that some families may be having to look for accommodation in Spain, nevertheless the danger inherent in that must be clearly appreciated over a period of time and whilst some people will take up residence in Spain for reasons to do with housing, other people may have other reasons for going to live in Spain, they can be business reasons, professional interests and there is a danger - those people in particular, I think, are even subject to conflicts of interests and there is a danger that in years to come a sizeable community could develop across the way whose ultimate interest will not necessarily coincide with the interests of other people living in Gibraltar and sticking it out in Gibraltar over the years. That is what we are trying to avoid through the Bill which is now before the House and that is the manner in which it must be presented, that it is a tool, it is a means that we Members of this House are using in order to preserve the unity and the integrity of the community as it has been developing for the last twenty years. That is the essential danger and the dangers of falling into that pitfall can be seen - I mentioned Northern Ireland; there are communities in Fiji and elsewhere where different communities have developed. That is what we are trying to do and really it is a nonsense for anybody to pretend that this has got to do with Major Peliza cannot stand for election or Major Gache or any other Major or Colonel or what have you. Anybody who has an interest in making a contribution to politics in Gibraltar only has to throw in his lot with us here. If he throws in his lot with us here he can stand for election, he can vote at an election but to do what Major Peliza was doing for many years could result in other cases in divisions that we should try to avoid. That, I think, Mr Speaker, is the essential message that must come out of this House, a united voice rejecting the negative approach of the DPBG and voicing and putting across the positive and important principles behind this piece of legislation.

MR SPEAKER:

Are there any other contributors?

HON MAJOR F J DELLIPIANI:

Mr Speaker, I fully support the Bill but I would like to add one thing that what is furthest from my mind and my intention is to harm the youngsters and people who haven't got any housing

in Gibraltar and have therefore opted to live in Spain. Certainly it is not the intention of the Government to do that but in legislation sometimes some people have to suffer because we cannot please everybody all the time. I am in a position as a father who has a son who is married and on the 19 December last year he was given a notice of eviction from his house. My son did not go to Spain, my son is saving up as much money as possible by working day and night to try and buy a house in Gibraltar and his wife is now working to try and buy a house in Gibraltar. It would have been far easier and cheaper for him to have moved into a house in La Linea so I know what I am talking about, and I live in a Government flat, I don't have a private house neither there nor here nor will I ever have the money to have either a house in Spain or a house in Gibraltar. My son every time he is on shift duties has to sleep in my house because there are four people sleeping in the bedroom in his flat. I know what suffering is. I say so sincerely, all these emotive issues of the Gibraltar Chronicle, all the letters written, we are not hitting against them, we are trying to save their rights because one day if things don't happen the way we want them to happen they won't have the right to come back to Gibraltar and this is what they have to think. People have been suffering housing problems far worse for a longer period, now they are taking the easy way out but the border has only been opened a couple of years and there was less housing before. Certainly in 1969 when the border closed there was a bigger housing problem. Now we are aspiring to a better standard of living, more rooms etc, etc but the housing situation in 1969 was worse than it is now because we had the influx of the Gibraltarians living in Spain. Certainly the housing situation was worse in 1969 and I know that the housing situation is pretty bad now but it was worse then. I sympathise with them and I realise their problems but we must safeguard the integrity of the people of Gibraltar in Gibraltar and it is not hitting against them, I feel sorry for them but I think we are doing the right thing. I know it is an emotive issue, I know that we can be accused of not providing housing but I think we have been going through a traumatic experience in relation to money for all kinds of services and the ODA, certainly the present Government, is not sympathetic to anything to do with housing, education, social welfare, etc, and the monies that we have available we have to use for other things. But certainly as far as I am concerned I want to assure the people who have to put up with living in Spain because they have to, that it is not meant against them it is meant with the fact we want to protect our own rights in Gibraltar.

HON J L BALDACHINO:

Mr Speaker, the contribution of the Hon Major Dellipiani has

just brought a new light into the debate on the Elections (Amendment) Ordinance. I agree fully with the sentiments he has expressed with regard to young people who have to buy houses in Spain. The idea of my party and mine personally is that the Government should be legally bound to provide houses for everybody but seeing that I cannot change their way of thinking, for obvious reasons, or their policy, at least I think that once that this Elections Ordinance goes through and becomes law they will have the moral obligation to find a solution to the housing problem and especially for the young couples the Hon Member was referring to. I think in that context, Mr Speaker, that the Government should now start looking more carefully into how they can find a solution or alleviate the problem so that people who not by any fault of theirs but because they cannot find any accommodation here have to go and live in Spain and therefore lose their right to vote or to stand for election.

MR SPEAKER:

I will then call on the Hon the Chief Minister to reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker. With regard to the contribution of Mr Baldachino I fully appreciate what he says and it would be less than sincere in his role as Shadow Minister for Housing if he didn't make that point because it is a valid one. But as his own Leader said earlier on, we have to take decisions and it has often been said that Government is the exercise of options and the options are clear and I think they have been very clearly emphasised both by the contribution of the Leader of the Opposition and of my colleague and therefore I don't think I need to say more about that. With regard to the details, of course, when we come to the Committee Stage we will go into the definitions as they appear but let me say straightaway that the suggestion contained about people entitled to vote because they are stationed here is not directed or not influenced by any fortress mentality or anything like that, it comes out of the proposals for reform which were made in connection with the definition of domicile for the purposes of private international law by the Private International Law Committee. Mr Speaker, I am reading from the Conflict of Laws by Dicey and Morris, page 126, it says: 'Proposals for Reform - the concept of domicile is basically a sound one but the rule for ascertaining domicile has become, in some respects, artificial and unrealistic', and that is a quotation from a case in the Chancery Court: 'These facts have led the Court and the Legislature to rely increasingly on other connecting and jurisdictional factors such as residence, habitual residence and ordinary residence. It has led to proposals for the reform of the law relating to domicile.'

Such proposals were made by the Private International Law Committee in its first Report published in 1954 and were as follows: 'The doctrine of revival of the domicile of origin should be abolished, proof of change of domicile should be made easier and adopt the following presumptions - where a person has his home in a country he shall be presumed to intend to live there permanently; where a person has more than one home he will be presumed to intend to live permanently in the country in which he has his principal home; and where a person is stationed in a country for the principal purpose of carrying on a business, profession or occupation and his wife and children, if any, have their home in another country, he shall be presumed to intend to live permanently in the latter country'. So that that is really what has been mainly the guidance that has been followed in the Bill in order to be able to establish and to follow a pattern, which may be followed in other ways and so therefore a theory of law, a doctrine of law will develop around which there will be decisions and it will be easier to follow them. I am sorry that the debate has had to concentrate so much on a particular person but I think those who have raised the matter are to blame for it and not ourselves and I fully subscribe to the points made by my colleague, Mr Canepa, that the suggestion at this stage of our constitutional development that the Governor should exercise his right of veto in what is a purely defined domestic matter and the business for the people who have been elected and not for the people who have been rejected by the electorate, is really going back to the days before we ever had a Legislature and that is more than thirty-five years ago.

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

HON CHIEF MINISTER:

Mr Speaker, 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 EUROPEAN COMMUNITIES (SPANISH AND PORTUGUESE ACCESSION)
ORDINANCE, 1985

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to make provision in connection with the inclusion of the Kingdom of Spain and the Portuguese Republic within the European Communities 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:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, in the middle of 1972, perhaps earlier, early in 1972, during the short period that my Party was in Opposition, the question of the accession to the European Economic Community and the part that Gibraltar would take was raised by the British Government with the then Government led by the Hon Major Peliza as he then was and, of course, the Opposition of which I was the Leader, was fully consulted on this matter and the result of the consultation was that the appropriate thing to do was for Gibraltar to form part of the European Economic Community under Section 224(7) of the Treaty of Rome which provides for territories in Europe who are dependent of a Member State to be members as well and there was the protocol which provided that VAT and the others did not apply to Gibraltar for special circumstances which were especially negotiated. I seem to recall that at that time, as far as we were concerned, we felt that if Britain entered Europe we had to enter as well for obvious reasons. It was already ten years from the time the restrictions had started and I think the options were clear. There was a referendum in England, my view was that whatever the results of the referendum in England really should be the result for us because it would be difficult in the future to have been left out and that decision was taken by this House with unanimity, in fact, at the time of the decision taken by the Community of accession, the then Chief Minister sent a telegram to Sir Alex Douglas Hume saying Gibraltar should be jubilant because Britain had joined Europe. Subsequently, in the late days of 1972 after the elections of June, 1972, which brought the Hon Leader of the Opposition to the House for the first time, I think it was, he found himself in meetings in which we were considering the European Communities Ordinance of which the Party to which he then belonged had subscribed to and before the end of that year as was natural and as is necessary now, the Communities Ordinance was passed in order to comply with the commitment that we had entered into of agreeing to join Europe on certain conditions. Earlier this year, in consequence of the implementation of the Brussels Agreement, we brought an amending Bill here for what has commonly been called advance implementation. That was a matter which was very controversial and Members opposite did not agree with the Brussels Agreement and naturally did not agree with the advance implementation. This is a different situation because this is a general commitment, in fact, there was no objection at the time to the Greek accession which we were then also incorporating into the law but this is a different situation altogether. Whether we had had advance

implementation or not come the 1st January, 1985, unless we had taken steps, if that were possible, to opt out of the Common Market, we would have to abide and amend our laws to comply with the commitment of membership and to incorporate the accession of Spain and Portugal to our laws in accordance with the Treaty. First of all, the advance implementation provision which was an amendment that will disappear and we will have a clean Bill incorporating Spain and Portugal and taking away the transitional law amending legislation which was necessary to implement the Brussels Agreement. The Clauses in the Bill are small, the bulk of the problems are in the Schedule. Clause 1 of the Bill brings the Ordinance into operation on the 1st January, 1986, on the assumption which I think is pretty certain now that by then all ten Members of the Community will have ratified the accession of Spain and Portugal. Some Legislatures have already done it, some are in the process of doing it. Clause 2 of the Bill expands the definition of the Treaties and the Community Treaties contained in the European Communities Ordinance, 1972, to include the treaty relating to the accession of Spain and Portugal to the European Economic Community and the European Atomic Energy Community and the decision of the Council relating to the accession of Spain and Portugal to the European Coal and Steel Community. This is the way in which the Spanish and Portuguese Treaty is given legal effect in Gibraltar. I don't think we need bother very much about the accession to the Atomic Energy or to the Steel Community which scarcely affect us. Clause 3 of the Bill and the Schedule to the Bill amends the provisions of the European Communities (Amendment) Ordinance of 1985 which was the one I was referring to before, by repealing Part II of the Ordinance, Part II of the Ordinance granted with the derogations, exceptions and modifications contained in the Second Schedule to the Ordinance, Community rights with Spain, its nationals and companies in advance of Spanish accession to the European Community. With the accession of Spain and Portugal to the European Community on the 1st January, 1986, the need for Part II of the 1985 (Amendment) Ordinance falls away and it is accordingly repealed, as I stated earlier on. By repealing the Second Schedule to the 1985 (Amendment) Ordinance the derogations, exceptions and modifications in relation to the advancement of Community rights to Spain and its nationals and companies contained in the Second Schedule are also no longer needed and the Second Schedule is accordingly repealed. The derogations, exceptions and modifications in relation to Spanish membership of the European Communities are contained in the Acts annexed to the accession of the Treaty, this little book here, the bulk of which has nothing to do with us, really. The details of the matter of some of the effects of this may well be dealt with when we deal with the Schedule in Committee

Stage. The other thing that the Bill does is to repeal the Third Schedule of the 1985 (Amendment) Ordinance because this Schedule made amendments to various Ordinances to make provision for Spain, a national of the Kingdom etc, etc, these amendments are not necessary on Spanish accession to the European Community, the Third Schedule is therefore proposed to be repealed. In addition, the wording of the Ordinances which were amended by the Third Schedule is restored to its original state. Really, what we have had has been a transitional provision or transitional amendments which are now absorbed by the Treaty and are no longer necessary to be in our statute book. Mr Speaker, I think we have had, what I would call a good dress rehearsal of the effects of Spanish and this time Portuguese accession when we discussed the matter of advance implementation and I think I have got the Hansard here, quite a number of points were raised, so we are really going along what I would call trodden ground and I do not want to go into that amount of detail that was gone into then, I hope that the fact that this is the actual accession amendment and not anything motivated by political decisions to which the Opposition were not a party will make it at least easier for the Opposition to look at the amendments as they have to be made in accordance with the treaty. Though I know that Hon Members opposite may have strong views in many respects, which I will try to answer, I think mainly insofar as details are concerned, it might be much more convenient if the Committee Stage which I hope Members opposite will agree should be taken later on in this meeting. I will not go into too much of the details because then there will be very little opportunity for, at least, clarification on points of which we can help Hon Members opposite. It is no easy matter, there are many matters which I know are the concern of everybody but I think we are much better off in dealing with the matter and assessing the situation by having had the advance implementation on Spanish accession the experience of which has proved largely positive, earlier fears that the Gibraltarian economy might be swamped have not been brought out in practice, indeed, the economy has as we saw in yesterday's reply visibly benefitted. The transitional provisions which were specifically implemented for us are now in the body of the Act of accession itself, that is, the freedom of movement of the new members, the limitations are no longer in our Act and in our Schedule but are contained in the Treaty itself. There are two points, I think, that I ought to mention. One is on the question of the transitional provisions of the question of free access of workers taking up paid employment in the present Member States and that appears - I see that the Hon Member has got a copy - that appears at page 393 of the Final Act and it is interesting because it says: 'Under the transitional provisions on the exercise of the right of freedom of movement, the present Member States shall, when they

have recourse in order to satisfy their labour requirements to labour originating in a third country which does not form part of the regular labour market, grant Spanish and Portuguese nationals the same priority as that enjoyed by nationals of other Member States'. That means, according to our interpretation of the Rule, that we can still have recourse to Morocco as being regular labour market and I think the provision of that which helps us in that respect insofar as it gives us a little wider scope during the time of the transitional provisions, because it reproduces something that was done in the other Treaty to protect mainly the Turkish labour force working in neighbouring countries to Turkey. There is only one new thing that has arisen since we discussed this matter and I think that we discussed this because the final treaty had not been concluded was not made relevant but it was done subsequently or rather, we had news subsequently and we were consulted subsequently on the matter and that is at page 32 of the Treaty, Article 56, and that is that the Kingdom of Spain may make an application after five years to cut the period of seven years to five but in order to achieve that there must, of course, be unanimity on the part of all the Member States to agree to that, it was just an option that Spain was given to apply for a review of the transitional provisions to be cut back. That appears in Article 56 of the Treaty. At page 699 there is an exchange of letters between the British and Spanish Governments regarding the rights of family members to free access to employment if resident with a worker and in the case of Gibraltar this applies from the 5th February and in the case of Member States it applies from the 12th June, 1985, which was the date of the accession Treaty. These are the three points to which I think I ought to draw attention because they vary in that respect. Dealing with the main element of the Social Affairs Chapter in the Spanish accession treaty they follow the pattern of the Greek Treaty. Article 126 of Regulation 1612/68 related to the right of access to employment suspended for seven years and Member States may continue to demand work permits for Spaniards wanting to take up employment during this period. I have already drawn attention to the question of the accession, it is really not terribly important to have given rights to Spanish families, the difference between the 5th February and the 28th June is really very marginal because we know from our statistics that very few Spaniards were lawfully employed during that period so it really cannot affect very much the substance of the matter. If resident after the 12th June, 1985, family members will have free access only after three years residence. Prior residence requirements are reduced to eighteen months after the 1st January, 1989. After the transitional period there is the same provision as in the Greek exception that if the matter were

to pose serious problems to a territory it provides for any problems arising from that to be brought before the Community Institution for solution. On the Land(Titles) Order EC nationals and thus Spaniards are entitled to buy property in Gibraltar if established and resident in Gibraltar. EC nationals and thus Spaniards who are not resident also are entitled to purchase property if they wish to establish themselves in Gibraltar in order to be self-employed and we have heard earlier in another debate, in practice the reverse trend has followed in that since February a lot of people have taken the opportunity for business purposes, some for their own dwelling, have bought property in Spain. With regard to the Traffic Ordinance, the provision gives effect to the requirement of Directive 80/1263 that Member States should give equivalent licences in exchange for those of other Member States to EEC nationals applying within a year of becoming resident in Gibraltar. I am advised that this is likely to ease off difficulties that have arisen recently over the question of the movement of tourist traffic across the frontier. On the Trade Licensing Ordinance, of course, no discrimination is allowed between EEC nationals in considering applications for licences. And, finally, the most important part is will the accession of Spain affect the UK/Spain's position on Gibraltar. The answer, of course, to that is no. Her Majesty's Government and Spain exchanged notes on the 30th June, 1985, the day after the signature of the accession treaty, placing on record that Spanish accession would have no effect on their respective position in Gibraltar and I think since then we have had quite a number of repetitions and reassurances about the British Government honouring the preamble to the Constitution which is in itself already included in the Brussels Agreement and the British Government will continue, according to these reassurances, their commitment to honour the wishes of the people of Gibraltar as enshrined in the preamble to the Constitution. What happens if Spain were to reintroduce restrictions at the frontier, people would ask? Well, this was made clear between the Economic Community and Spain, not between Britain and Spain but between the Economic Community and Spain and I think that was part, if we got any benefit of the joint visit we made to Brussels, that was an assurance which was given to the Leader of the Opposition and myself and my colleague, that the Community itself had told Spaniards that once they entered Europe, the frontier had to remain open. It was done in the accession negotiations and it was made quite clear that obstacles to trade and to the free movement of persons subject to any transitional derogations between Spain and Gibraltar is incompatible with EC law and must be suppressed. If a Member State acts in a manner contrary to Economic Community law the Commission or another Member State can take them to the European Court. I do not think this is likely to happen but it is clear that it should be on the record that the right was given there and, in fact,

that we were told by Senor Natali who was in charge of the application of the Community by the addition of two Member States. Hon Members may have been surprised or not surprised but may be wandering, on the Schedule of the amendment to the Immigration Ordinance, the amendment to the existing law, Section 50(1) says: 'Subject to the provisions of Section 53 a Community National may enter Gibraltar on the production by such national of a valid identity card or a valid passport issued by the Member State of which he is a national proving his identity as a national of that State'. The present regime of requiring passports at the frontier is one which has been agreed between Britain and Spain and which it is agreed should continue. That does not mean that any other Community national with an identity card of that country may not come in on an identity card but Member States can agree on practices, if they are of interest to both, and the practice will be that the agreement between Spain and Britain for entry into Gibraltar will continue to be on the basis of production of a passport. It is our view that it should continue to be so, it is the view of Britain, in fact, because it is our view and it seems to be also accepted and agreed by Spain. I have here a cutting of the ABC of Seville dated the 6th November where the question of passports being required to enter Gibraltar was raised by the Chamber of Commerce of Ceuta who addressed the Spanish Interior Ministry and I have a cutting here which is headed - and I will just translate as I go along: 'The passport in Gibraltar will be obligatory despite the EEC. The entry of Spain in the EEC on the 1st January, 1986, will not modify the present requirement of passports to enter Gibraltar. According to a reply from the Interior Ministry, to the official Chamber of Commerce, Industry and Navigation of Ceuta'. The document from the Ministry replied to the consultation which was formulated to it by the President of the Ceuta Chamber of Commerce: 'Because of the great prejudice which for the economy of Ceuta which is based fundamentally in commerce would have on the suppression of the passports for accession to the Rock', I don't think that that is going to have much effect but, anyhow, just to clear the matter I would mention that that will continue to be the case until we decide otherwise. Mr Speaker, I would be quite happy to reply in the general debate on matters that I may not have raised. It will be appreciated that it is very difficult to cover all the points that arise out of what are very simple provisions in the European Communities Ordinance and if I can do that in reply to the Second Reading I will do that and if not, or I haven't got the answer available, I may do it in the Committee Stage. I commend the Bill to the House.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, under normal circumstances in relation to Spanish entry, today would have been the day when we would have been taking stock of the negotiations which have taken place in relation to Spanish entry into the Community considering, of course, the effect that Spanish entry would have on Gibraltar. Today would have been the day when we would have been submitting our views on Spanish entry but, of course, speaking to you on the general principles of the Bill, a lot of the arguments were put over by the Opposition when that piece of legislation which was brought to the House which we described as a shameful piece of legislation and which, of course, the Government have the right, as they did, to disagree with and today what we are doing is in fact repealing that shameful piece of legislation and bringing in line Spanish entry in accordance with the terms which have been agreed in the Treaty between Spain and the Community in line with the European Communities Ordinance which is on our statute book. And I am, of course, tempted but I am not going to go beyond temptation, to repeat what was said about the advancement of EEC rights to Spain. But I think I leave it (a) on what was said before and (b) for the benefit of those that may have forgotten, we defended the position on two major points: (a) that it was a reversal of everything that we had stood for for the last twenty years and (b) because Gibraltar turned out to be the only place in the whole of the European Community where another European nation who wasn't a Member of the European Community was given advance EEC rights. Two major principles which, as far as we are concerned, will go down in the history of Gibraltar as being totally unwarranted and, quite frankly, scandalous. Leaving that to one side, the next thing, of course, that one is tempted to do is to look at the Ordinance in its wider context, that is to say, as the Chief Minister said in the political context, and he came with the assurance that Spanish entry in the European Community and the passing of this Bill would not in any way undermine the stand of Britain on our behalf with Spain as regards the future of Gibraltar. I am tempted, for a variety of reasons, to take issue with that but again I am going to leave that to one side. I am going to, therefore, Mr Speaker, perhaps much to the disappointment of the Government, I am going to have to record because today would have been the day when we would have been discussing the Spanish entry, I am going to record our Party's case on the issues involved in the principles of the Bill in relation to how we see, in general terms, how it will affect

Gibraltar and no doubt during the course of further discussions Hon Members will go into detail on the principles. The Opposition has maintained, Mr Speaker, that Gibraltar because of its size, because of its economic potential, because of its requirement to survive economically to be able to be self sufficient, Gibraltar cannot by any means be compared to a major partner in the European Community and that the position of Gibraltar under the 1st January, 1973, terms of membership when we went in with Britain, were, I consider and I don't wish to put blame on anybody's doorstep because at that point in time I am not speaking today with the benefit of hindsight, I am speaking today with the benefit of experience of what has happened since then but the decision at the time, I put it to the House, was a political decision more than a decision which was based on economic consideration, and the facts are there, where we considered what the future could hold in economic terms. I put it to the House that it was more of a political decision which reflected the jubilation of certain quarters where they thought: 'Well, Spain being a Fascist regime, Spain being away from Europe, we are protected by being a Member of the European Community'. It was the logical thing to do at the time because the Spanish restrictions were at their height and it was the height of the Spanish campaign against Gibraltar. I think there was more weight given to the political implications than to the economic one but accepting that we went into the European Community with what we thought were economic relationships and other considerations, a fair membership, it has become clear from experience that there are inherent dangers in our membership. And, of course, regardless of what the implications are when any other member joins the Community, as there have been implications for the French, as there have been implications for the Italians as there have been implications for other Members on Spanish entry, regardless of that Gibraltar was already experiencing problems and the problems were that we were seeing how the responsibilities, the cumbersome responsibilities that there are in adhering to directives of the Community which would apply to all Member States which equally have to apply to Gibraltar on one hand, we were seeing how costly it can be to face up to regulations emanating from the Community which have got the full force of law in Gibraltar, we were seeing that there was an imbalance and I think everybody recognises that there is an imbalance and that experience was telling us, it was flashing a red light and saying: 'These are things which need to be looked at'. And, of course, the only time that one has an opportunity to look at these things in depth is when we have a new Member coming into the Community because when a new Member comes in he puts his case forward and, of course all the other Members look at the implications and they take stock and thus the negotiations come about within the general framework and the principles of the Community and at

the end of the day we have an acceptance of a new Member based on a Treaty and that Treaty becomes the conditions under which that European nation enters the Community. The Opposition have said since 1980 - (a) let us look at what is happening with our current terms of membership, and (b) let us see what the implications are of the Spanish entry which has brought a new experience that we were having not just an application from a European nation for membership but we were having an application from a next door neighbour which brought all sorts of implications for Gibraltar and that what was required was a broad study, a broad programme seeking a re-negotiation of our terms of membership which would lead to a new status for Gibraltar in the European Community and I think, like everybody else, we were entitled to take that line. But we were faced with one fundamental obstacle and the obstacle, I would put it to the House, Mr Speaker is that in considering Gibraltar's interests there is always the conflict of the national interests of Britain in relation to what our interests are with other Member States, in this case our interests with Spain and so on. We were faced with the obstacle of Foreign Office advice and the continuation of the Committee which was set up in the House when it came to the peak for negotiations and we could see that the Foreign Office were not in favour of taking our viewpoint beyond the representations that we were making to them. We, on this side were not in favour of accepting the advice of the Foreign Office because we take the line that arguments which are put forward which are reasoned arguments which can be proved to be in the interest of the people of Gibraltar, in a democracy and especially in our relationship with Britain have to be arguments that have to be recognised and accepted and, in our judgement we felt that that had to go further and, of course, we are not the Government and it is a question of judgement at the end of the day. We were not the Government and, of course, we were in the minority and we were not able to go any further. It can be argued, of course, that at the time of our accession on the present membership terms which remained unaltered, the Foreign Office may have been ignorant of the consequences for Gibraltar and that consequently now it is too late to change because unfortunately we are up against that barrier of appeasement with Spain. I am not saying that that was the reason because quite sincerely I am not aware and I doubt whether anybody in Gibraltar is aware of the deep rooted thinking that the Foreign Office may have in taking that stand.

HON CHIEF MINISTER:

If they have any.

HON M A FEETHAM:

If they have any, I agree. But they cannot plead ignorance when it comes to representations from a dependent territory in the Community or from a territory that has got special problems because in 1967 when Britain was in the process of applying for membership, they had to take account of their dependent territories and, of course, in the same way that towards 1970 and 1971 we had advisers coming to Gibraltar and saying: 'This is what is going to happen to Gibraltar in the context of the European Community' and so on and so forth, at the same time there were the Channel Islands who were making their case and they had prepared a well documented case, something which did not happen in Gibraltar. I am not saying now that it should have happened, what I am saying is it didn't happen but we have had another opportunity for it to have happened and that is the opportunity that we have lost and, of course, when Jersey prepared their case for entry they set up a Committee and I am going to go through, en passant, of course, some of the things that were.....

MR SPEAKER:

We must not get too involved in a matter which does not deal either with the Bill or which cannot be righted now.

HON M A FEETHAM:

I am talking about the arguments and the principles where this side of the House has argued that we could have sought a re-negotiation of our terms of membership based on special treatment for Gibraltar.

MR SPEAKER:

As a general comment I have not interrupted you until now. What I am saying is that the Bill itself does not deal with the matters you are raising. Do by all means quote what you wanted to quote but let us not get too involved with matters which are not dealt by the Bill and which cannot be righted by this House.

HON M A FEETHAM:

I am not going to get too involved. I have to because under normal circumstances this would have been the day that we would have taken stock and put each others arguments over and at the end of the day the vote would have been taken. We are going to vote against the Bill. The case is, Mr Speaker, that when they went about their membership negotiations they looked at the implications it would have for them and the relationship which

existed or were in the process of being renegotiated by other Member States in relation to their dependent territories and, of course, we have got France with a special relationship with their dependent territories in the European Community like Corsica, Andorra and Monaco. We have got Italy with San Marino, we have got Germany with Heligoland and so on and so forth. They established a case and that case was accepted by the British Government and at the end of the day when Britain went into the Community Sir Geoffrey Rippon said that the Channel Islands and the Isle of Man were Members of the European Community but, in fact, had the best of two worlds because they were in and they were not in. The political point that I am trying to establish here is that it was an opportunity that we had to renegotiate our terms of membership and we have missed that opportunity and that is why we are going to vote against this Bill. Let us be quite clear about this, not because we don't want Spain to be a Member of the European Community. Spain as a European nation has got as much right to be a Member of the European Community as any other European nation. Mr Speaker, we now come to other aspects of this Bill. How can - and it hasn't been mentioned - but how can we, for example, what answer have we got in the area of finance and in the area of company law if we maintain the principle that as some Members described in the debate on the advancement of EEC rights to Spaniards what answers have we got for adhering to directives which go against the philosophy that we have had shown to us by the Government over many, many years that Gibraltar is a tax haven, that Gibraltar can attract investors, that Gibraltar can attract people who because our tax laws are more beneficial are prepared to register companies in Gibraltar when we have to mention just a few, when we have directives which require that public and private companies must declare their accounts and which I am sure the Members of the legal profession in Government will realise the implications of these sort of directives and there are eight directives dealing with company law. It would seem to the Opposition that when we talk about trying to get a better deal for Gibraltar, if recognition is given to our case, which it hasn't, a special relationship because of our fundamental need not to have to depend on handouts, if we are told we have got to pay our own way in the world then these sort of things have to be recognised. How are we going to protect the confidentiality which has to be given in this area of company law if we are going to attract investors? We can get away with it as we have done for the last fourteen years and it is now beginning to surface. How long can we really get away with the position as it is without having actually been given the recognition to be able to have the flexibility to be able to survive in that area? Of course, we feel that that is not going to happen that easily. The Government's position is that this Bill permitting Spanish entry into the European

Community, as far as they are concerned, the terms and the implications are facts that we are protected in most areas. I recall that we were told in the House that trade was protected, we were told that the Imports and Exports Ordinance provided protection and we were told that the Finance Centre was booming and that, of course, portrays a confident Government position and that is the fundamental difference between us because we are not looking at this in the light of ten months of the frontier opening, we are looking at this on a long term basis and that is the way one has to look at it and that is why we are a cautious Opposition when it comes to this sort of implications, Mr Speaker. The implications for Gibraltar are very important because I doubt whether the process of harmonisation, as I have said on previous occasions, the process of harmonisation in the European context with Gibraltar being such a small territory is going to work in the long term to our benefit. I cannot see it unless we reshape our future. One of the points which was raised in the context of a previous Bill where we are seeing that Community membership is a continuing process of doing away with barriers, of doing away with restrictions, we are seeing how there is now a proposed directive on immigrant workers commuting across the frontier. And the implications of that directive for those of you who may not be aware of it are substantial, of a directive which is now being considered in its draft form on immigrant workers and frontier workers which seeks to give equality in all respects in this area, that is to say, whilst we now define in the present Community Regulations residents and non-residents where there are special cases to be made by people who commute in the area of frontier workers there is a complete revision taking place in that area which, I believe, will raise economic problems because at the end of the day what we are talking about is economic problems, we are not talking about anything else. The message that the Opposition have been saying all the way through is that we needed to look at these things and we needed to have flexibility and the extension to be able to develop our community and have the ability to survive. That is why we have consistently opposed Government thinking on this and I want to sum up by saying and repeating once again that it isn't a philosophy where we are anti any European Community Member, it is a matter that we have to look after our own interests and that because the Bill represents for us a lost opportunity that was within our grasp of having taking stock and having established once and for all Gibraltar's status, a new status in the European Community, because we believe that it was there and we haven't done that, that we are voting against the Bill, Mr Speaker.

HON A J CANEPA:

Mr Speaker, the legislation that we brought to the House giving advanced EEC rights to Spaniards was not and is not a shameful piece of legislation and what has resulted from it in the last nine months since the frontier opened clearly points to that. The Chief Minister made some reference to the beneficial economic effects of Spanish accession on Gibraltar or rather the lessons that have been learned from advance implementation since the 5th February. It has given us a chance to assess the implications of actual Spanish accession, the experience indeed I think is proving to be largely positive, the fears the Gibraltar economy, the Gibraltar social services were going to be swamped have not been borne out in practice. On the contrary the economy is benefitting. It is not benefitting to the extent that some people, particularly in London, are exaggerating, the extent to which they are exaggerating. For instance, Hon Members opposite must have heard from the MP's who visited Gibraltar over the weekend, that Baroness Young told them that there had been six million crossings of the frontier as if trying to impress them: 'My God, six million people going to Gibraltar, they must have left a hell of a lot of money'. Here you have the use of statistics which in any case are inaccurate, statistics being used with a particular objective in mind and being twisted in order to bring about a predisposition in people and the MP's were going to come to Gibraltar and find an economic boom. There hasn't been an economic boom, at least not yet. There is going to be further expansion in the economy over the next few years, particularly as there is investment in the private sector with a number of major development projects but the evidence so far is that earnings from tourism have doubled, activity and turnover in the retail trade have increased by about 15%, perhaps 20%, new job opportunities have already been created and what is a fact of life, whether Mr Feetham likes it or not, the Financial Centre is expanding.

HON M A FEETHAM:

Will the Hon Member give way?

HON A J CANEPA:

Yes, I am always prepared to give way at least once and Mr Feetham will not have another opportunity to speak.

HON M A FEETHAM:

I did not say I did not like it, what I am saying is that there are dangers in the directives.

HON A J CANEPA:

I was coming to that. There are directives such as the Fourth Directive which we must resist and, of course, what the Financial Centre are trying to do precisely is to protect their position. Happily, insofar as the Fourth Directive is concerned, the interest of the big boys may come to our assistance, Germany does not particularly like the Fourth Directive and they have a lot of clout in the Community so we may be alright as far as that is concerned. In any case the Financial Centre are shortly going to send a delegation to Brussels to make their case known, they have received indications that there is a disposition in Brussels to give them a sympathetic hearing but the bureaucrats are not as ill-disposed towards the activities of the Financial Centre and when they return and they report on their visit the Government have already said if need be, we would be prepared to support their representations by sending some sort of Government delegation. What has emerged from the full opening of the frontier, from these positive aspects, is also, I think, in very stark contrast to what might have happened if the frontier had not opened. The two years of partial opening constituted the biggest drain on our economic resources and the greatest outflow of capital that Gibraltar had seen. The dangers and the difficulties were much greater than in the early years of the restrictions and in the early years after the actual closure of the frontier in 1969 when the labour force was withdrawn overnight and we virtually had to start from scratch. That a number of businesses were on the verge of collapse at the end of 1984 is a fact of life, that hotels and one in particular owed the Government considerable sums of money was a fact of life, that the damage that their collapse would have done to the tourist industry and to the economy, generally, is also a fact of life and what has happened instead? Hotel occupancy is considerably up, the prospects for these businesses are vastly improved, they have been able to reach agreements with the Government to pay outstanding debts, they have been able to recycle their loans with banks because of the improved prospects and there is every sign of new dynamism in the economy and a new pace which, in fact, shows some dangers of overheating, perhaps, the economy and particularly in the field of planning where there is a danger of getting things wrong and we may have to halt the situation for a year or two, get what there is in the pipeline moving and off the ground and then reassess and find out exactly where it is that we are going after that. Of course, because of the size of Gibraltar there are serious problems for us and the impact of these problems on a community of our size cannot in any way be compared to the problems that would be posed for Member States by similar matters. Take, for instance, something which I think is being mentioned in this House for the first time in this meeting, take for instance the case of the

Spanish pensioners. For Gibraltar to meet the bill of £7m a year means taking out of the Government's budget 12% of that budget. No Member State would be prepared to countenance that for one single moment, the Germans, French or the British. Britain has been fighting tooth and nail all the way because she considered that her contribution to the budget was in excess, relatively speaking, to what other Member States were making and I don't think that that contribution that Britain was making to the budget was anywhere near the figure of 12% of her budget. But the problem is that we do have these difficulties and we don't exaggerate them, they are very real, the question of the Spanish pensioners is a very real problem but we seem to be finding and I am not sure exactly why, give some indications of why, we seem to be finding some difficulty in having our case accepted. Particularly the vulnerability of Gibraltar does not seem to be understood and does not seem to be appreciated and if you have difficulty in getting London to see that, to sympathise with you all the way and to translate that into action - only yesterday my colleagues were reading much of the correspondence that we have sent on the question of the Spanish pensioners going over the ground again and they were saying how impressed they had been by the points we had made - we feel we are making a good case but we seem to be putting matters on paper and we are not sure about the extent to which there is genuine understanding, and is that because there is a conflict of national interests? Is it Britain that has got certain national interests and if she has and therefore there isn't a disposition to fight in our corner then what hope have we with regard to Italy, to France and to Germany? Only this morning one heard in the news how they have supported the United Nations resolution on the Falkland Islands, the Argentinian resolution on the Falkland Islands. Why, because again there are 1,800 people, settlers they are called, and I imagine in most islands the population must have been settlers, they didn't drop by parachute or by helicopter, they must have gone to the Island somehow. People moved into Spain as a result of invasions by the Vandals, by the Visigoths 1,500 years ago and people went into Britain from the Vikings and the Saxons and what have you but in an island, in the Canary Islands they must have come from somewhere, well, they came from Spain but they are there now and the same with the Falklands and they are settlers and they are a nuisance, people have died over their cause, what a nuisance to have to fight a war in this day and age to defend 1,800 people and for the French and for the Germans and for the Italians an even bigger nuisance. The Italians sympathised with their cousins in Argentina and who sympathises with us even though we have got cousins in Genoa? That is the difficulty for a small place like Gibraltar, that is our vulnerability, to be only 30,000, it is a truism what I am saying, and to be caught on this situation. And that is why

I tell the Hon Mr Michael Feetham that it wasn't a case of a missed opportunity to have renegotiated our terms of membership, the opportunity wasn't there and the opportunity wasn't there because for some reason or other there was no will on the part of Her Majesty's Government to renegotiate the terms for Gibraltar. Whether that is because they perceived something that we don't, they think we are better off as we are or whether there would be some conflict with their own national interests, I don't know. One thing we haven't been told was that it was too late, that we made our representations too late, they never said that. But that there are real national interests and that Britain wants to see Spain and Portugal in I don't doubt. From an economic point of view, from a trading point of view it opens up a market to them of another 50 million people, so these are very real national interests and we are a nuisance, we are a boil on the neck or we are a mosquito that is a nuisance. Let it be said that we have never made a formal application to Her Majesty's Government that our terms of membership should be re-negotiated. What has happened is that over the years when various aspects of our membership in the EEC that has raised problems have been discussed with the Foreign Office and with officials, it has become clear when the matter has been brought up that there was no disposition to re-negotiate on that issue or generally. On one occasion, though, I remember that they asked us to look and then advised us subsequently, they asked us to look into the possibilities of our membership being extended, being widened by coming under the CAP, introducing VAT and the CCT which is now, I think, CET (the Common External Tariff). At the end of the day they themselves came back or somebody else, there was a new economic adviser and then he came back and he said: 'This is not on, this will cripple your economy even further and it will have a tremendous impact on the cost of living'. But we have found when the matter has been mooted and when the matter has been discussed, that there has been no disposition to pursue this line. That was clear during the two visits that Mr Hannay and his team made to Gibraltar in the middle of 1983 and at the end of 1983. On the question of the pensions we query the applicability of regulations to Gibraltar, we say: 'We weren't members in 1973, Britain wasn't a member, Spain wasn't a member when the EEC Social Security Regulations were enacted, why should they be made applicable now when the effect that it is going to have is the following'. And we are told: 'Yes, the Commission has no doubt as to their applicability, there cannot be any different treatment, the Commission have gone into this and the answer is no'. So what are the alternatives, and we have discussed this before. Incidentally, there is one point I don't want to leave out. On the Financial Centre a memorandum was submitted to Baroness Young when she came here by the Finance Centre Group

and, again, the answer was not particularly positive though not entirely black, there was some ray of hope here or there but this is what we have been coming up against and this is why in this House we have on more than one occasion since the last general election asked ourselves 'Where do we turn to, what are the alternatives?' One alternative, that of renegotiation, I think I have explained why we don't seem to have made any progress. The second alternative is to stay as we are and see to what extent we can shift for ourselves provided we are not squeezed too far and we certainly would be squeezed too far if we were expected to meet this commitment of this small sum a year of £7m. And the third alternative is to get out, to say: 'Sorry, you are driving us into an impossible position, Gibraltar cannot survive socially or economically, you are not taking account of very real problems. In the Treaty of Accession for Spain there is provision, because there is going to be a review after five years, and there is provision to make a case on the practical difficulties'. Perhaps we could hold till then and make such a case to the Commission and point out the difficulties and then if they don't take any notice say: 'Sorry, you are squeezing us out'. And no Member State would continue as Members of the Community if similar problems were to be created for them. But before we do that we have got to look at the balance sheet. If trade licensing is going to be inoperative in Gibraltar, if there is going to be this problem of the Spanish pensioners, if there are going to be all sorts of other problems, trade being undermined, the problem of labour and so on. Let us assume for a moment it is all negative, it is all a minus, that is the balance sheet on one side. If we get out of the Community we don't have to pay the Spanish pensioners at current rates, we can have not only trade licensing, we can go back to the Trade Restrictions Ordinance and we put the clock back. But putting the clock back can also mean putting the clock back on some other matters. And that is that it is clear from the negotiations leading to Spanish accession, that it is clear from the declaration annexed to the Treaty of Accession by Spain and it is clear in my own mind because of the reality of the situation that Spain had to open the frontier when she did because otherwise she could not become a Member of the Community and they cannot continue as Members of the Community for as long as we are Members and apply restrictions at the frontier and, effectively, close the frontier. They cannot do that, as Signor Natali said: 'If they do, come and tell me all about it and we will do something about it'. He was shocked that we hinted that Spain may not comply with Treaty obligations, he was very shocked when we hinted at that so we shall go and see Signor Natali about it. But what in weighing up the matters on the other side of the balance sheet is this risk, the danger that Spain will reintroduce restrictions and instead of cars going through at the rate of ten every minute,

I timed them last Sunday, cars were going through at that rate, instead of about ten a minute each car takes ten minutes to go through and then you have a new situation and restrictions continue to be applied and as we become difficult, as we fall out with Britain in this because we will, because they won't like it and we will fall out with them, then what is the alternative for Gibraltar? Closure of the frontier and we, perhaps, a small community which is an even bigger oddity as Sir Joshua has pointed out than what we are now. An even bigger oddity because we were in the Community and we have got out, we don't have the regime that the Isle of Man have or Jersey, in any case our constitutional relationship with Britain is different to theirs and the border is closed and what, we stew in our own juice here and can we shift for ourselves? That is the question. Can we survive with a closed border and with a deteriorating relationship with Britain? If our relationship with Britain does not deteriorate we can survive because we were doing reasonably well up until 1980 with a closed border, with parity, with a Naval Dockyard and with a policy of support and sustain which was worth £5m or £6m a year of development aid. That is what I think we have to ask ourselves. That is what we have to ask ourselves now, that is what we have to analyse over next week and the week after and for time to come. My analysis may not be an entirely correct one and obviously Hon Members opposite in particular will be able to pick holes in what I am saying but these are matters which are not susceptible to EEC solutions and where we, I think, as politicians must have regard to the fact that we mustn't bring politics into disrepute is that we have got to tell people that these are not easy matters and that they cannot be solved overnight and that is where I quarrel with a certain gentleman of the press when he writes about the need to bring back in Gibraltar a City Council state of affairs. What a nonsense. He has lost the international dimension of the problem, he no longer thinks that if we were City Councillors perhaps we might be going to Madrid next week as the Mayor of La Linea and the Mayor of San Roque, if they go, but I don't think that they have got the access to the Spanish Foreign Minister that Sir Joshua and I have, I don't think they have the opportunity that we have to put the case for Gibraltar. This is why it is necessary for people to keep their cool, to look at these matters seriously and carefully. Sir Joshua said: 'Government is the exercise of options'. I will qualify that further, it is the exercise of limited options, options which are limited by their reality and the reality at the end of it all is we are a community of 30,000 living beside a neighbour which today, perhaps up to a point is killing us with kindness but who does not for one moment withdraw her claim to Gibraltar and if Senor Fernandez Ordenez plays the Gibraltar issue on a low key his boss certainly doesn't. He travels all over the world and Gibraltar always figures very prominently in anything which Senor Felipe Gonzalez has to say and personally I am a great

admirer of Senor Felipe Gonzalez but I won't go into that, I certainly don't admire his attitude towards Gibraltar as far as that is concerned. That, Mr Speaker, is the underlying reality of this Bill before the House. I think for the moment really Gibraltar has no choice, for the moment, what may develop in time to come, if the developments are such that they totally work against us we may be in a situation, I hope not, in which we shall find ourselves shifting for ourselves.

HON J C PEREZ:

Mr Speaker, we find ourselves in one of those rare occasions where we agree with most of what the Hon Mr Canepa has said. Where we disagree is that whilst we were pointing out all these dangers at the time of the Brussels Agreement, he was saying that those dangers were actually not there. What we are doing today, Mr Speaker, is ratifying the agreement that has been reached in the Common Market on Spanish accession and Portuguese accession so as to give an opportunity to every national Parliament of Member States to express their views on whether they are satisfied that Spanish accession or Portuguese accession affect them detrimentally or not. We are being told, Mr Speaker, that there are loads of problems on our doorstep and at the same time we are being told that the Government is going to vote in favour of the Bill. If, Mr Speaker, the Government is ratifying Spanish and Portuguese accession they are in fact officially saying that they are satisfied with the conditions that Gibraltar has and that they are satisfied that Gibraltar's position is safeguarded because that is what all national states are doing when ratifying the accession Treaty. Mr Speaker, we are told that the experience of eleven months of an open frontier has been largely positive, by both the Hon the Chief Minister and the Hon the Minister for Economic Development. I remember at the time of the announcement of the Brussels Agreement that I said, and many of my colleagues said as well, that the Government had not quantified the economic effects of that Agreement and the economic effects were not for those eleven months only. The economic effects were those which we were going into as a result of having advanced EEC rights because that is when we gave up the case for renegotiating our terms of membership within the Common Market. The Hon Mr Canepa says that he thinks that that would have been impossible. We disagree on this side of the House that that might have been impossible but certainly if the question of the payment of pensions had not been tied up yet, if we were told yesterday that all cross frontier workers including Gibraltarians who live in Spain are to have health services in Spain available at the expense of the Gibraltar Government which is where they contribute their insurance, then that is another area which we haven't looked at. Then we were told that family allowances

will be paid to Spanish workers who are working in Gibraltar. The problem of Moroccan workers is something which should have been put in front of the Commission and the problem of Moroccan workers and the racial problem that might be encountered as a result of these measures is something which the Commission must have looked at. We are told that we should vote in favour of this Bill, accept Spanish accession, and at the same time we are being told that all these things haven't been tied up. It is very irresponsible of the Government to come and say: 'We have got problems with the pensions, we haven't tied up the situation, vote in favour, ratify Spanish accession and then let us see what we can do'. We are actually saying that we are going to meet all those obligations which are there in the Common Market for us to meet, that is what we are doing by passing this Bill and if the Government were really serious about the situation they would vote against this Bill and they would show that they are not happy with the situation. I agree with everything Mr Canepa has said but if I agree with everything Mr Canepa has said I expect him to vote against. I expect him to say by voting against that Gibraltar cannot afford to pay the pensions, that Gibraltar might not be able to afford to pay the family allowances, that it creates a hell of a problem with the Moroccan workers, that all these things are detrimental effects so how can they come here and say that the experience has been largely positive when they themselves admit that it could be a very serious economic situation if all those obligations which we are entitled to meet as Community nationals are placed on us? If that burden is placed on us and that hasn't been tied up then the experience is not largely positive, on the contrary. We should have tied up all these things before and if we haven't now is the opportunity to say: 'The House of Assembly in Gibraltar, for whatever it is worth, that small piece of Europe, that insignificant mosquito' - like the Hon Member said - 'we are not accepting accession of Spain and Portugal because we are not well protected and because things have not been tied up'. Mr Speaker, I am afraid that the whole situation has been managed in a very bad way. I am not completely blaming the Gibraltar Government for it but certainly the problems that they might be encountering with the Foreign and Commonwealth Office is something which we on this side of the House might think should be tackled differently. I am grateful to the Hon Member for having mentioned the question of the pensions because since they have been to and from London twice it is the first ever statement from the Gibraltar Government on the issue.

HON A J CANEPA:

If the Hon Member will give way? The Government of Gibraltar have been discussing and debating this matter of the Spanish

pensioners over the years. What the Chief Minister and I have not done has been to say publicly how the talks went with Sir Geoffrey Howe. We haven't said we said this and he said that and so on counteracted this and counteracted that but there have been some very detailed articles in the press on the matter and very accurate on the broad issues, undoubtedly. They don't reveal the extent of the talks and the negotiations but the issues have been clearly put before the people and that is all. I have done this morning. The issues and the facts are well known, what you don't know is the extent of these negotiations and obviously because they are ongoing we are not able to reveal them.

HON J C PEREZ:

Mr Speaker, I am glad that the Hon Member thinks that perhaps I have got some clairvoyant powers since being also a member of the press I myself have contributed to articles in the press but the issue is that we are fast approaching the 1st January and the Hon Member and his Government might have been discussing this for years but the crunch is now and he has held two meetings with Sir Geoffrey and I am not asking him to reveal the details of the discussions but clearly this morning he has said and the Government have said for the first time that things are not going well. This is the first clear statement on behalf of the Gibraltar Government about how the situation is today, five weeks before Spain joins, five weeks before we are burdened with that commitment and I am saying to the Hon Member and to this House of Assembly that that commitment is there, that the commitment of family allowances is there, on health service, the unknown of cross frontier services, all these commitments are there and that before ratifying Spanish and Portuguese accession we should have tied up those things. Whether it be with Brussels or with the Foreign Office is another matter but those things needed to be tidied up before this Bill came to the House because if we haven't done it then what we are doing by passing this Bill is accepting the responsibility that is being placed on us. Thank you, Mr Speaker.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind the House that we are on the Second Reading of the European Communities Bill and the last contributor was Mr Juan Carlos Perez.

HON R MOR:

Mr Speaker, I would like to deal briefly with the general principles of the Bill which is to make provision in connection with the inclusion of the Kingdom of Spain and the Portuguese Republic within the European Communities. I am pleased that the Hon and Learned the Chief Minister as well as the Hon Mr Michael Feetham drew attention to the history of our connection with the EEC and in fact, as the Hon and Learned the Chief Minister says, is following the elections in 1972 which was, perhaps, the best thing that ever happened in this House with the inclusion of the Hon Mr Bossano. In 1973 Gibraltar became a Member of the EEC. At that time, obviously, nobody could have foreseen the dangers arising out of the possible entry of Spain into the European Community but in 1977, Mr Speaker, it was common knowledge that the Kingdom of Spain had filed an application to join the EEC. In 1980 the alarm was given by the Hon Mr Bossano who exposed the dangers of Spain's entry into the European Community. And yet, Mr Speaker, despite having entered the EEC in 1973 and despite the fact that we knew that Spain would join the EEC in 1977 and despite the fact that in 1980 the alarm was given, we still find that today the Hon and Learned the Chief Minister accompanied by the Arsenal supporter of the Government, the Hon Mr Canepa, that they still.....

HON A J CANEPA:

We beat Southampton in the 'Milk' Cup 3-1.

HON R MOR:

But they won't win the league. They are still travelling to and from London to sort out just one of the problems, the payment of pensions to Spaniards, they are still trying to find a solution to that problem and that is only one of the problems that will arise out of Spain's entry, the other problems haven't come to light yet. Admittedly, it is quite a big problem and I have noticed that the bill has now gone up from £6m to £7m, I don't know why but the figure that was being kicked around was £6m.

HON A J CANEPA:

Does the Hon Member want to know why?

HON R MOR:

Please..

HON A J CANEPA:

The figure of £6m was originally an estimate. As a result of the opening of the frontier and the Spanish pensioners actually coming to Gibraltar and applying for entitlement to old age pension, we have got much more accurate figures. There are two aspects, first of all the figures are accurate and are well over 4,000 Spanish pensioners; secondly, the increases that we voted for yesterday apply as from the 1st January and they also contribute to the increase to £7m.

HON R MOR:

Mr Speaker, if the Government cannot at the present time obviously raise £7m to pay the pensions bill and that as I said before is just one of the problems arising out of Spain's entry into the Common Market, I think that the introduction of this Bill I wouldn't say is shameful but I would say it is naively stupid.

HON J L BALDACHINO:

Mr Speaker, I will go back, if you allow me, to why we opposed the Brussels Agreement in the first place because there are two phases to the Brussels Agreement. One of them was that in order that Spain could lift the restrictions that it had imposed on Gibraltar we were now prepared, something that we had never done before, to put the sovereignty issue on the negotiating table. Also part of the Brussels Agreement, Mr Speaker, was to advance the right to the nationals of the Kingdom of Spain to what we are doing today which in effect will be taking place on Spain's accession on the 1st January, 1986. At the time of the Brussels Agreement, Mr Speaker, and in relation to what is my responsibility for the Opposition and that is housing, the fears expressed on housing at the time still stand because when Spain joins and we haven't had yet a clear position from the Government on what I said on the 15th January in relation to housing and Article 9 of Regulation 1612/68, that our housing allocation scheme was contrary to the EEC, after that we haven't had a clear explanation from the Government whether the interpretation I gave then is the correct one or not. I am bringing this thing up because Mr Canepa said in his contribution, Mr Speaker, that of the options that we had, to get out of the EEC was one of them; to remain as we were and then in the future see what happens was another option and that we couldn't negotiate because the British Foreign Office was against it and they wouldn't most probably allow it but the fact is, Mr Speaker, that what the Government has been doing with Brussels Agreement and up to a certain extent in this debate, is saying 'this does not apply to us, we can get away with it'. Mr Speaker, one

thing mentioned by the Hon Mr Canepa was that there might be a possibility that we might not be able to renegotiate. We question that but they are on that side of the House and they know better than this side of the House what happens between them and the Foreign Office. On housing, Mr Speaker, like my half-brother, perhaps that is not the correct way to call it, the Hon Major Dellipiani but I say my half-brother because he says that he is half-socialist, the fears that he expressed and the sentiments that he expressed on the question of young couples having to go to Spain to find houses because we couldn't provide them, for whatever reason it is, one also can dispute that but those sentiments are generally shared, I think, not only by the Opposition but by the Government itself. When this comes into operation it will put us in an even more difficult position because we are also extending the right to Portuguese nationals who up to a certain point, together with the Moroccan workers, are also significant within our community. If the fears that I expressed in relation to the Regulation I mentioned before are correct, Mr Speaker, then not only are we in danger of having Spanish nationals or any EEC national, for that matter, it doesn't necessarily have to be a Spanish national and I think I mentioned it in my contribution then that maybe they might prefer to live in Gibraltar, without any doubt they could most probably buy property, that is another thing, the prices of houses in Gibraltar might go up because they may be prepared to pay higher prices than the local population and then we will have the local population living in Spain and commuting. What is true and clear from correspondence between the Attorney-General and the Leader of the Opposition, is that under Article 73, I think it is, self-employed persons have the right to go on the housing waiting scheme, they have the right to buy property, in other words, the incentive that the Government wanted to create with the Vineyard project to alleviate the housing problem that we have will now be accessible to other EEC nationals who are self-employed in Gibraltar because the question of whether an EEC national is entitled to the housing allocation scheme is one, Mr Speaker, of interpretation that they should have a permanent residence permit as well. I have been looking through all the EEC Regulations and I cannot find any mention of a permanent residence permit, I can find a residence permit which is what a self-employed person would get. If it applies to one category I doubt very much that the Government can maintain that it will not apply to the other. I would prefer not to give those rights to anybody Mr Speaker, the Government cannot after the explanation that the Hon Mr Canepa gave to the House of the complications that they have had with the Foreign Office and other things, not tell the people of Gibraltar the danger that presumably will come with the accession of Spain and Portugal on the 1st January, 1986. It did exist prior to that.

and today the dangers are greater because Spain is our next door neighbour and before no Germans could come to Gibraltar to acquire housing and I am speaking strictly on housing because it is my responsibility but in other areas of the economy the effects equally apply. I don't know what the position really is in Gibraltar in this respect because I don't think that it is to our advantage but the Government has no other option but to come here and present this to the House and vote in favour because if it isn't done it will be done in a couple of weeks when Britain will be accepting Spain's entry and Portugal's entry into the EEC and if Britain does that then by implication as we are an associated Member, we will have to follow suit. I think, personally, Mr Speaker, that one could describe housing today as a cancer of local society because the Government has not yet been able to find any cure for it. They have tried but they still have not found the formula how to at least alleviate it. The Government must try and find a solution to the housing problem and especially if outsiders are able to buy property here as this without any doubt puts more pressure on local people to go to Spain and buy their property there. One cannot therefore support this Bill.

HON J E PILCHER:

Mr Speaker, I will now give my short contribution seeing that Members opposite are not interested in contributing to this debate although I accept that the debate when the Brussels Agreement was discussed really put in perspective both sides of the House clearly but I think there are still many important points to be discussed and there is also the reality that we have now lived through ten months of an open frontier, nine or ten months of granting Spanish nationals certain things that they will have after accession in January, 1986, which we did in February. But before I briefly go on to that I would like to explain to the Hon Mr Canepa, I think he knows full well why we called it at the time a shameful piece of legislation but I would like to explain to the Hon Mr Canepa again why and set clearly our position at that time which is still the case. It was to us a shameful piece of legislation not because of what the legislation contained because we accepted entirely that the legislation would have to come in front of this House, in fact, now in November or in October or in December, 1985. What was shameful about it is on two counts, (1) because it negated everything that had gone before, it negated a Government stand and statements given in this House of Assembly by the Government previous to February, 1985, and we won't go through all that again. I think we brought out Hansards at the time explaining positions and statements made on the opposite side of the House but it was also shameful because it took our

feet from under us because whilst we heard in this House that we had sent a delegation to Brussels to discuss with Mr Natall about special derogations for Gibraltar, we had also found out that a few months before the Hon and Learned Chief Minister had already proposed this to Sir Geoffrey Howe over a cup of tea.

HON CHIEF MINISTER:

No, you have got it all wrong. It is not that cup of tea, the cup of tea was with Dr Owen, a Socialist, and I did not have a cup of tea, this was arranged by the Foreign Office, I had breakfast.

HON J E PILCHER:

This is why it was a shameful piece of legislation and not because of the cup of tea, it was a shameful piece of legislation because we thought from this side of the House that we were on the last length before the entry of Spain into the EEC and we had to use the time to provide safeguards for Gibraltar in many aspects. The reality of the matter has in fact been given to us coolly this morning by the Hon Mr Canepa. His statement to the House this morning put things in perspective. When, during the meeting of the House in December we put umpteen questions on how the advancement of EEC rights was going to work, the reaction that we got from Members and Ministers opposite was a reaction of a defence of the Brussels Agreement and a reaction of, to a point, happiness because I remember, although I haven't found it in Hansard, I am not as expert as my Hon Leader who just goes through the papers and finds it, I remember quite clearly the Hon Mr Featherstone defending this and saying this was certainly the start of an economic boom for Gibraltar.

HON M K FEATHERSTONE:

And hasn't this proved to be so?

HON J E PILCHER:

Well, not according to the Hon Member sitting on your right. The fact of what the Hon Mr Canepa has been saying this morning is that the pressures on the Government have been such that they have had to accept it because they don't think there is any other alternative. This is the reality and if this is the case this is what every Minister opposite should have been saying at the time or, at least, should have been saying today prior to Spain's accession into the EEC. What we were getting from Ministers opposite was a defence of an argument which, by the way, was also used in the House of Commons to defend the same line by the British Government and it has been this defence

that has really caused this side of the House to wonder at the logic of what was being done. It is clear to us now, after the intervention of the Hon Mr Canepa this morning, the reasons why we brought this thing forward eleven months and that we are here today only just adjusting a couple of things necessary for Spanish accession. The reality is that the pressure was such that the Government of Gibraltar did not think there was any other alternative, a similar situation to the commercialisation of the Dockyard, it is either commercialisation or nothing, it is either you accept EEC rights or nothing because obviously the Government do not have any room to manoeuvre if we are asking the United Kingdom for £30m on Overseas Development Aid. If this is the reality, this is the reality that should be told to the people of Gibraltar. We shouldn't sit opposite and defend something which we don't really feel like defending and although I don't accept that that is the only alternative, whether we were in or out, that is the judgement of the Government, the fact that in February in the House of Commons they were being questioned about the Brussels Agreement and again as in commercialisation the Government of the day were defending the Brussels Agreement by using the argument that the Government of Gibraltar had been supporting this. Perhaps it wasn't the only alternative whether it was in or out, perhaps if we would have kicked about it on both sides of the House, perhaps the alternative would have been different. This is something, obviously, that cannot be seen at this stage. The question, I think, is the vulnerability which the Hon Mr Canepa kept referring to this morning. Are we more vulnerable now because of the action taken by the Gibraltar Government than we were eleven months ago? I think we are. He also mentioned a fight in our corner, in whose corner is the Gibraltar Government? Are they fighting from the Gibraltar corner trying to obtain the best possible alternative for Gibraltar or are they fighting trying to balance both things out and trying to sit in the middle as per usual? The Gibraltar Government are not appointed by the British Government, they are elected by the people of Gibraltar and as such should come to this House and say what the Hon Mr Canepa said this morning; 'this is the type of pressure we are getting, this is the only thing that we are being given, this is the only room that we have to manoeuvre and because of this this is our only alternative', and not hide behind the Brussels Agreement and hide behind a defence of something which I don't think even Members opposite are happy with. I was to a point worried this morning about the fact that at this late stage there is still not an agreement ready over the pensions and I won't repeat what my Hon Colleague Mr Mor has said but surely even that is shameful, that at this late stage of the game we don't really know how much, if anything, and we will oppose any single penny being given to that from this side of the House, but we don't even know whether or not the £7m is going to be met

fully by the British Government, partly by us. The reality is that the £7m would come from us anyway because it would probably be adjusted from ODA or somewhere else and we would have to foot the bill at the end of the day. But the reality is that the Gibraltar Government are still not sure of the commitment entered under in either the Brussels Agreement or even today when we are acceding to Spanish entry into the EEC. As far as the economic boom is concerned, let us not forget that two weeks ago the Hon and Learned the Chief Minister was saying here: 'The net effect on the Government's finances themselves are far less significant'. Even after ten months of an open frontier, even after two million visitors have come to Gibraltar, even before we start adding together all the negative effects of the opening of the frontier because we haven't done that yet, we haven't started to do that yet, we haven't started to pay out family allowances, we haven't started to pay out pensions, we haven't started to see how much on medical services, we haven't started really yet to see how much it is going to cost Gibraltar. Even before we have done all that, after two million visitors who have come to Gibraltar and I don't think we can get a lot more than two million visitors, it is not a question that in 1985 it was two million, 1986 it is going to be three million, 1987 it is going to be four million, there will be a stage whether it is on two million or two and a half million that there will no longer be an increase. All that Gibraltar has got into its coffers is, I think, £3m was said, £1m on income tax, £2m on import duty and even that, there is an element of GSL into those accounts. Not only is there not an economic boom but it is not the panacea to all our problems that it was meant to be. This is worrying, and I honestly say this, I don't think the Government still knows what we have really got ourselves into. We are starting to find out what the benefits are going to be, we still really don't know what the negative financial elements are going to be and yet we are all here voicing from the Opposition benches our thoughts on the matter and the Government side are sitting there, I wouldn't say happily but certainly not as worried as we are on this side of the House. They don't appear to be, except for the Hon Mr Canepa.

HON A J CANEPA:

We have the advantage of worrying in Council of Ministers.

HON J E PILCHER:

The only other point that I would like to make and I said it was just a general comment is that one of the things that I was going to say on the general principles of the Bill and as yet

untouched by any of the Members on this side was the fact that there were going to be identity cards. We understood that identity cards were going to be valid. This was explained by the Hon and Learned the Chief Minister in his statement this morning that an agreement had been made by the Spanish and British authorities and passports will continue to be used. At that stage I was quite happy with the fact but then when I heard the Hon Mr Canepa's statement on how this thing has developed and the pressures put on the Gibraltar Government to cede on a lot of the points, then I can only be led to understand that we are only using passports because the Spanish authorities want us to use passports and they have managed to convince the British Government of their case. If not, Gibraltar would have to accept Spanish identity cards. The farce about this is that the Gibraltar identity card, and if I am wrong I stand to be corrected, are still not valid as far as the EEC is concerned so we have now a situation where, alright, Spain is still out of the question, we have to make all EEC nationals identity cards valid for entry into Gibraltar but ours don't comply with EEC Regulations. Surely, this is something that the Gibraltar Government should already be taking into account and even on our driving licences. Again, if I am wrong I stand to be corrected but our licences are not valid outside Gibraltar, they are certainly not valid in the United Kingdom.

HON CHIEF MINISTER:

Driving licences? If the Hon Member will give way. Those have been valid for many years because they comply strictly with the 1925 Convention on Traffic.

HON J E PILCHER:

I am talking about heavy goods licences, I wasn't allowed to finish. I know that the car licences are valid, they are valid in Spain as well but our system of heavy goods licensing is completely different to that which is the norm now in EEC countries and it is about time we changed them as well because if not we will put Gibraltarians at a disadvantage, we have to accept everybody else's licences, everybody else's identity cards and yet ours because we have not moved in the system are as yet invalid outside Gibraltar and I think that is a point on the general principles particularly not on the Spanish accession as such but on this particular piece of legislation. Thank you, Mr Speaker.

HON J BOSSANO:

Mr Speaker, I have no intention of being as brief as other contributors. Let me say that I want to respond to the

contribution of the Minister for Economic Development the way that I think he deserves, that is to say, I don't want him to think that we are trying to take advantage of his honesty in expressing his fears because I think that the House and Gibraltar and the work of Government and Opposition can only benefit from putting the cards honestly on the table. But I would like him to understand that as well as honesty we need consistency because otherwise we don't know when the Government is being honest with us and when the Government is painting a particular picture because it suits them at a particular time and I therefore need to address myself first to the Hon and Learned Chief Minister who, I think, in introducing the Bill to the House did so in a very low key fashion and the explanations provided by the Minister for Economic Development suggest that the reality is something very different. I also want to say something about the presentation of this and other Bills to the House of Assembly in relation to what the Hon and Learned Member said immediately after the election at the Official Opening of the House when he referred to the work of this House with a GSLP Opposition. He has talked on more than one occasion of the fact that the present House of Assembly is probably more divided ideologically than any previous House of Assembly but that that did not necessarily mean and it was not a corollary of that that a division on matters of judgement, on matters of policy, had to deteriorate into an animosity at a personal level and he referred to the fact that I had said on the day after the election that there was no personal animosity between himself and me and that there was no reason why at a level where the good of Gibraltar was at stake we should not be able to work together consistent with the different policies of the two parties. Therefore, I need to remind him that his expectation of a responsible opposition taking its role in the House seriously requires that the Government itself should have a sense of responsibility to the House and I don't think it is responsible of the Government to go without a meeting of the House from June to November, and the Hon and Learned Member knows that I have made no attempt at all to put any kind of pressure for an earlier meeting of the House, I believe he is the Leader of the House and it is his prerogative to call a meeting of the House when he feels that one is required. But what I don't think is right, Mr Speaker, is that we have no meeting of the House from June to November and then in the week when we have the new Governor arriving, when we have a group of Members of Parliament led by Mr McQuarrie, when we have three MEP's visiting us and when we all have other things to do as well in many other spheres, we are presented with eleven Bills all to be taken through all the Stages in one House. I don't think we can be expected to do an honest job of work in this House of Assembly, we are not lawyers on this side of the House, we sometimes cannot understand the legisla-

tion and if we are going to vote in favour or against something we have to do it on the basis of is it compatible with our policies and therefore we need to be told by the Government exactly what it is the law is and it is essential therefore not just to be able to read the law before we come to the House but to be able to ask for explanations at the First and Second Readings of the Bill, at that stage, and then to be able to discuss the explanations that we get between us and come back at the Committee Stage and therefore taking the Committee Stage in the same meeting of the House, quite frankly; is asking the House to rubber stamp legislation and we are not prepared to do that. We are prepared to take our job seriously here and we are prepared to work for the money we get and that is what we want to do, we want to do a good job of being in the House of Assembly. I think I must make absolutely clear that we think there are a number of Bills in the House, the Hon and Learned Member has agreed to defer the Committee Stage of the amendment to the Elections Ordinance to the next meeting, he didn't agree to do the same with the Traffic Ordinance, I don't know whether he is prepared to do the same with this Ordinance or with any other Ordinance but we must emphasise as we have done before that as far as we are concerned the normal practice ought to be that not all the Stages are taken in the same House to give us the time to look at it. The Government has said before to us that their ability to support Opposition amendments is determined, to some extent, by the amount of notice we give them so that they can make up their minds on the merits of the case. I think they must apply the same criteria to us as they expect us to apply in putting any amendments to Government measures and certainly we cannot give them any time if we don't get any time ourselves. If we have only had a week, it hardly gives us any time to put any amendments. I think, going also from the position that the Hon and Learned Chief Minister took in the speech that he made at the Official Opening of the House in the issues that dominated the election campaign and in what he had said in London in November 1983, shortly before the 1984 election, we are talking about a Government defending a position where the prosperity of Gibraltar could be assured with a closed frontier. That is what they fought and won the election on. In 1984 they did not fight the election on the basis that the frontier was going to open before Spain joined the Common Market, on the basis that the Brussels Agreement was in the offing, on the basis that EEC rights were going to be advanced, no, they fought the election on the basis that if they got elected Gibraltar was going to be converted into a resort of international repute with a closed frontier, that was the basis they went to an election on. The two pillars of the economy were this international resort which would have prospered without two million visitors coming across the frontier, and a commercial dockyard which we know already is

on a trend of losing money higher than expected. That is what the election was fought on and won on and that is what we must hold them to. Things can happen subsequently which can change things for the better or the worse but so far the things that have changed are supposed to have changed for the better. If that was the situation then it cannot be true, as the Minister for Economic Development says, that they had to bring forward the opening of the frontier because the economy was on the verge of collapse in February this year. The Hon Member has told us that there was the Government beleaguered at the end of 1984, beleaguered in a situation where two years of the uncertainties of the Dockyard closure, two years of the pedestrian opening of the frontier had caught the largest outflow of capital we have ever had, the bigger drain on the economy, companies on the verge of collapse, hotels on the point of closure, people owing the Government money, in 1984. Well, he didn't say that in 1984, they fought an election and they won an election in 1984 on the basis that if they got elected they would set up a viable commercial dockyard and they would set up a resort of international repute with a closed frontier. I must say that the explanation of the Minister for Economic Development sounds familiar, it is one that I have heard many times within the GSLP and perhaps his admiration of Felipe Gonzalez will eventually extend to domestic socialism, not just cross frontier socialism. I would remind the Hon Member that at budget time this year when he went on television with me, he said on television that if we had got elected in 1984 we would not have had the £28m to spend another way because the only way you could spend the £28m was on the Appledore proposals. If that is the situation let us know what the choices are. He said that we had a responsibility to look at matters seriously and to be honest, I agree entirely with him but what he cannot expect us is to look at matters seriously and honestly if we are being told one thing one day and another thing a different day. As far as I am concerned, as far as the GSLP is concerned, the position taken by the Government was not that they took the only option available to them but that they took the option they thought was the best and that presupposes that there were alternatives. As far as we can see, the alternatives get scarcer every day. Obviously, if we were to talk about an election in 1988, whoever went to that election in 1988 would no longer have £28m, he is not going to have £28m in 1986 never mind in 1988, £24m of it is already gone, so clearly the options are getting narrower but we are being asked in this House of Assembly effectively to seal the deal, that is what this Bill is doing. The Brussels Agreement pre-empted any possibility of doing anything different on Community membership because we were advancing EEC rights and we had the ridiculous situation that I was in open mouthed admiration at seeing our Hon and Learned Chief Minister wading into Signor Natali and I

was sitting there quietly drinking my cup of tea - these things always seem to happen with cups of tea, Mr Speaker, I don't quite know why - quietly drinking my cup of tea, but what I didn't know was that at the same time as we were putting up that fight for a special way of dealing with the problems for Gibraltar of the free movement of labour, already Sir Geoffrey Howe had been given the green light to float with the Spanish Government the possibility of advancing that free movement of labour. And here we have a situation today, Mr Speaker, when in passing, the Chief Minister made a passing reference to something here at the end of Treaty as if it was the most innocent thing in the world. Does he know what it means? Can the Hon and Learned the Chief Minister explain to me what it means because I think he should have explained it when he mentioned it in his opening speech and he hasn't and I certainly will give way to let him explain it if I have misunderstood it.

HON CHIEF MINISTER:

What is it?

HON J BOSSANO:

It is the letter by a Mr Michael Butler written on the 22nd April, 1985, and I think it is very regrettable that the House of Assembly should discover in November, 1985, that in April, 1985, a Mr Butler whom I don't know who he is, certainly not an elected Member, gave rights to Spanish nationals in Gibraltar of which I know nothing and of which the people of Gibraltar know nothing. This is a serious matter. Shouldn't we have been told this on the 23rd April rather than in November? Do Members on the other side know what it means? It says here: 'On the instructions of Her Majesty's Principal Secretary of State, having considered the conclusion of the Conference between the European Communities and Spain concerning access to employment of members of families of Spanish workers' - a highly controversial matter - 'I have the honour to propose' - they are making a proposal about Spanish workers here not in Chatham or Devonport or Brighton, no, in Gibraltar. He proposes that in Gibraltar the date of the 5th February should be the applicable date and members of the family of a Spanish worker who on that date was lawfully and regularly employed in Gibraltar or was unemployed in Gibraltar or was temporarily incapacitated, that the members of his family should have the right to work here without a transitional period. That is what it says here, it says: 'Special arrangements on this question are envisaged in the provisions and that therefore those members of the family shall enjoy free access to employment in Gibraltar'. I am afraid what Mr Butler didn't know is that on the 5th February

the worker didn't have free access never mind the family of the worker. The worker already here is still being required to hold a work permit so he does not have free access so how have we given free access to the family of the worker who hasn't got free access himself? In fact, until February we were not giving free access to the families of any Community National, until February this year when we discovered that the Labour Department had been acting incorrectly, we were requiring the husbands of Gibraltar women to hold work permits if they were not EEC Nationals and that was contrary to Community law and we have been doing it for twelve years. On the 22nd April Mr Butler grants this right to Spanish nationals and nobody in Gibraltar knows it, we discover it today. What does the law we passed here on the 5th February mean then because what Mr Butler says and what we have legislated is a different thing. Does the law of Gibraltar still stand or are we now talking that not only His Excellency the Governor has got the right to veto legislation but even Mr Butler? Because we voted against this law but the Government voted in favour and the Government passed a law here saying that the families of Spanish nationals would be required to have to wait for three years before they got free access and that once Spain joined the Common Market the three-year period would be reduced to eighteen months and that is what has been applied according to this Treaty under Article 57 to the families of workers of Portugal and Spain in all the Community, including the United Kingdom. It is very kind and generous of Mr Butler, the families of Spanish workers still have to wait three years before they can join.....

HON CHIEF MINISTER:

No.

HON J BOSSANO:

Well, that is what the Treaty says, I am prepared to give way if I have not understood it but I expect the Government to be able to explain what it is they are bringing to the House of Assembly if they are asking the Opposition to support it. Independent of the fact that we don't like any of it at least if it is something we have to do because we have to do it let us know at least what it is that we are doing, at least that much but if we don't even know that, Mr Speaker, we have a situation where on a superficial reading I would remind the House that this is something we have discovered this morning as a result of the Hon and Learned the Chief Minister mentioning in his speech, we have done a cross referencing exercise and we have come up with a situation where, apparently, if one takes into account the fact that in the letter by Mr Butler he talks about people who are working in Gibraltar without any reference to residence and in the law that we have got we mention residence,

it would appear that the situation is that if you were residing in Gibraltar on the 5th February you have to wait three years, if you came to work to Gibraltar after the 5th February you have to wait seven years and if you were a frontier worker on the 5th February you don't have to wait at all.

HON CHIEF MINISTER:

If the Hon Member will give way. My understanding of it, and I hope the Attorney-General will take note of this. Article 11 of Regulation 1612/68 regarding free access to employment for members of workers' families subject to the following conditions until the 31st December, 1990, which is: 'Family members have a right of access to employment from accession if resident with worker on 12th June, date of signature of Accession Treaty. Uniquely, effective date for Gibraltar will be 5th April, 1985'. That is to say, that that is not applicable until the 31st December, 1990.

HON J BOSSANO:

Mr Speaker, the letter to which I am referring, to which the Hon Member referred when he introduced the Bill, says that the 5th February, 1985, shall be the applicable date for free access to employment for the family of a Spanish worker. In our law the family of a Spanish worker is defined by reference to what a family of a Community National is under the Immigration Control Ordinance (Section 49) unless I am mistaken, and the Hon Attorney-General can correct me if I am mistaken, but if I am not mistaken a family means 'the children of a Community National who are under the age of 21' - in our law it says 'and dependent on him' - in the Community Regulation 1612 it says 'or dependent on him'. Mr Speaker, Article 11 of Regulation 1612 says: 'The spouse and children under the age of 21 or dependent on a national of a Member State', that is to say, if the child is over 21 and dependent on the father he is still treated as part of the family. Our legislation says that he has to be under 21 and dependent, of course, our legislation is superceded so in fact although this is probably a drafting error, it is a drafting error that suggests that if you are under 21 and employed you are not dependent whereas this clearly says something different and therefore it means that a Spanish national who has got unemployed children, not an uncommon occurrence on the other side, Mr Speaker, or unemployed spouses or unemployed parents or grandparents which is quite a large family, all that family, according to the generous Mr Butler, have acquired the right of free access to employment in Gibraltar from the 5th February. I think we should have been told that ~~on the 23rd April~~. If that was given to Spain on the 22nd April I want to know why we are discovering this now on the 27th November. The only reason that I can give

is it seems to me almost as if the Government discovered it in November. If that is not what this commitment says, can the Government say whether they were consulted before this letter was sent and whether it was cleared?

HON CHIEF MINISTER:

If the Hon Member will give way? My understanding of the situation is that the only difference is that whereas the rights are acquired by everybody else on the 12th June, our rights were acquired on the 5th February. The conditions are exactly the same.

HON J BOSSANO:

Mr Speaker, I think the distinction that I am drawing the attention of the Government to and the reason why I am stressing this particular point is because I think it is a clear example of part of the argument that we are putting forward. We are saying we are against the general principles of the whole thing but in any case, if the basic argument of the Government is that however much we debate the issue the alternatives are so horrific, very much like my friend, the Hon Mr Pilcher said, the argument on the Dockyard, if it is either Appledore or a closed Dockyard then you may find all sorts of faults with Appledore but however many faults you find it is not as bad as a closed Dockyard. If that is the kind of situation then at least the Government should be able to say: 'This is the road we are following and these are the things that are going to happen because we have studied it and we know what we are doing'. The point that I am drawing the attention of the Government to is that the letter that was sent by Mr Butler talks about enjoying free access to employment in Gibraltar. It doesn't define what free access to employment in Gibraltar means but I can only assume that free access means access without the requirement for a work permit. Then the limitation of the three years is on the right to free access as a result of obtaining residence but we are talking about people who will want to take up employment without taking up residence. We are not talking about the people who are resident in Gibraltar. I will give way to the Attorney-General, if the Attorney-General says that frontier workers are not being given this right on the 5th February.

HON CHIEF MINISTER:

No.

HON J BOSSANO:

They are not? Well, then what did the Chief Minister mean when

he said that there were only 50 of them, the 50 that he is talking about are the frontier workers.

HON CHIEF MINISTER:

No, I said no and the Hon Member is wrong now and I can prove that he is wrong if you look up Hansard because I said that there were very few people who had been employed, very few people who had been properly registered and those who were registered the bulk of them were married to local people, I said that.

HON J BOSSANO:

Mr Speaker, the Hon Member mentioned the numbers and I think, if I am not mistaken, he mentioned the number of something like 50 as being the number who were employed on the 5th February. As far as I am aware the figure shown as the number of frontier workers in February is 50. If he is talking about people who are residing in Gibraltar and if this applies only to Spanish nationals who are residing in Gibraltar and not to frontier workers then we are talking, presumably, for all the Spanish women who are, in fact, working in Gibraltar and who may be married to Gibraltarians and who may have family members in Spain, that would apply to all of them, that would apply to any Spanish lady whose father or grandfather is dependent on her in Spain.

HON A J CANEPA:

No, because she is not Spanish, she is British by marriage.

HON J BOSSANO:

I think, Mr Speaker, that the basis of the point is that here we are, we are presented with this, we try and analyse the consequences and we find that something was done on the 22nd April and that we discover its existence in the context of amendments to the Immigration Control Ordinance in the application of Community rights and by reading that, one would not draw from that the explanation that the Government has just given us. I assume that as far as they are concerned that is the explanation and unless and until somebody challenges it and puts it different we have to assume that if a frontier worker who was working here on the 5th February tries to claim that he is free from the requirement for a work permit then that would not apply.

HON CHIEF MINISTER:

Resident on the 5th February.

HON J BOSSANO:

I know the Hon Member is saying that, what I am saying is that the actual text of the letter makes no reference to residence. The letter that was sent by Mr Butler to the head of the Spanish Mission in the European Community says quite clearly that the members of the family of a Spanish worker who was lawfully employed in Gibraltar shall have free access to employment. It doesn't say to a Spanish worker who was lawfully employed and resident in Gibraltar, it doesn't say that.

HON ATTORNEY-GENERAL:

I wonder if I can assist. If you look at Section 59 of the Immigration Control Ordinance, the right of families of a worker to join the worker. A Community worker can bring his family with him. When we amended the Immigration Control Ordinance earlier this year, we inserted subsection (6) saying: 'The provisions of subsections (1) to (3) shall only apply to a national of the Kingdom of Spain employed in Gibraltar if such national is in possession of a residence permit'. A Spanish national who had a residence permit in Gibraltar could bring his family with him, that is, the family as defined in Regulation 16. If you look at the Act of Accession, Article 57: 'Article 11 of Regulation EEC 1612, page 68, shall apply until the 31st December, 1990 in Spain with regard to nationals of other Member States and in the other Member States with regard to Spanish nationals under the conditions indicated hereafter - (a) the members of workers' families referred to in Article 10(1)(a) of the said Regulation installed in accordance with Regulations with the worker in the territory of a Member State at the date of signature of this Act shall have the right upon accession to take up paid employment throughout the territory of the Member State'. Instead of the date of signature of this Act which is, I think, the 28th June this year, that is being given to Spanish workers from the 5th February, the date of advance implementation. Normally, the provisions of Article 57 would apply but in Gibraltar's case because we gave Spanish Community rights with effect from the 5th February, the members of a worker's family who are installed in Gibraltar and were installed in Gibraltar on the 5th February this year can take up paid employment without the necessity for a work permit.

MR SPEAKER:

I think we are getting involved now in the interpretation of

the actual legislation and not the general principles.

HON J BOSSANO:

Mr Speaker, with all due respect, I understand entirely the explanation. What the Hon and Learned Attorney-General is saying is that the letter of the 22nd April says that in the case of Gibraltar instead of Article 57 coming into effect in June it shall come into effect on the 5th February, that is what the Hon Member is saying. And what I am saying to him is that the letter of the 22nd April doesn't actually mention anything about residence, that I have to assume that he is right on this one although he has not been right on a number of other occasions in his interpretation of Community law, that I shouldn't have to discover in November what was agreed with the British Government on the 22nd April. If the Hon Member came here in February and asked us to vote to provide transitional provisions for residence and that had been altered by a decision of the British Government, I think the House of Assembly is entitled to know and I think it is entitled to know when it happens not six months later. I certainly don't think we ought to be having to debate in the House of Assembly a Bill that goes through all the stages in one day and discover by accident that there is something which on the spot one is given an explanation for and that explanation may be perfectly correct but I would say to the Hon and Learned Attorney-General on this issue as on many other issues in this law because we have been through the law, we are voting against the Bill, we do not propose to move any amendments in the Committee Stage but I can promise the Hon and Learned Attorney-General a jolly time in 1986 because he is going to get a whole spate of questions about many of the things that he is legislating here where we can see a lot of contradictions so we are going to give him a nice suspenseful Christmas to look forward to January, Mr Speaker. But the point that I am making is that in the kind of response which I think the Minister for Economic Development was looking to us for, I think in that kind of response, in highlighting this particular single element and there are others, I think we are demonstrating that in a way the Government seems to want to have its cake and eat it when it comes to the Opposition.

HON CHIEF MINISTER:

What is wrong with that? You say sometimes what is wrong with that?

HON J BOSSANO:

Do I? I don't remember saying that, Mr Speaker, but I am sure

that if the Hon and Learned Member says I said it it must be true. It seems to me that the Government is wanting from the Opposition a response which takes into account their difficulties and yet by presenting the legislation as they have done, I think they have done less than justice to the Opposition or to the House of Assembly in expecting us to do a thorough job of examining it. If we look at this Treaty, Mr Speaker, when we think of the difficulties that were spelt out by the Minister for Economic Development and the difficulties that we have had since 1980 in the House of Assembly Committee in looking at ways of getting some changes in our membership of the Community, we were told that it was impossible. The Minister for Economic Development has said that no formal application was made to the United Kingdom because it was clear from the kind of informal contacts that it wouldn't get anywhere. It is not a philosophy that I subscribe to that you don't put in a claim because you know you are going to get it turned down; if that were the case we would still be at 1930 wages in Gibraltar, Mr Speaker. But if we look at this Treaty, what do we find? That the seven year transition period has been extended for Luxembourg so what is sacrosanct about Luxembourg that Gibraltar cannot have? In the case of Luxembourg instead of being 1993 it is 1995 and we were told that there was no way that something different could be done for Gibraltar. Is it that the Government didn't know that Luxembourg got a longer transitional period? It also says that in 1991 the Commission will examine the transitional period and may come to a conclusion on amending it, presumably up or down, and we have no say in it. We are saying that the transition period is seven years unless the Commission before the seven years are up decides to do something different and we have no control over the situation and it must be obvious to Members of the House that however much we may kick about it there is no way the United Kingdom would go to make a case to the Commission on our behalf in 1991 if they haven't been prepared to do it in 1985 or 1984. The Government is coming here defending the policy, essentially, of Spanish and Portuguese accession to the Community, the enlargement of the Community on our current terms of membership, that is the essence of what we are doing. By incorporating in the Schedule Spain and Portugal as Members of the Community we are saying the terms that have been agreed between the Community and the applicants are satisfactory to us as a Member of the Community for the same reason that every other Parliament has ratified Spanish and Portuguese accession because they have accepted that the terms achieved in the negotiating process have been enough to protect their national interests. Our national interests have not even had a say in it, Mr Speaker, they haven't even surfaced, we have been totally ignored in this process, it is as if we were not in the Community. If we are looking at the dangers of not being in the Community let somebody spell out what the advantages of being

in it are because as far as I am concerned we might as well not have existed. In the negotiating process the position of Ceuta and Melilla in the agreement with Spain is re-negotiable, they have included a Clause in it which allows them to go back and see the re-negotiation of the applicability of Community law to the two enclaves if there are difficulties for the two enclaves. We haven't got that, we have never had it and even now we don't have it so what are we doing ratifying the Community's enlargement? I don't see where we stand to gain by enlargement. The fact that we may or may not have stood to gain by the frontier opening, and it is still early days to say whether we have or we haven't, but we must not forget that we have paid one very heavy price. I don't envy the Hon and Learned the Chief Minister in his having to go to answer Senor Ordonez on the Moran proposals.

HON CHIEF MINISTER:

I don't propose to answer.

HON J BOSSANO:

I think that perhaps if instead of the Hon and Learned Chief Minister going accompanied by the Minister for Economic Development it were the Minister for Economic Development and myself, we might give Senor Ordonez a few more headaches than he is likely to get but that is not going to happen. There is, of course, notwithstanding the fact that the Brussels Agreement was accepted by the Government of Gibraltar with reservations, notwithstanding the fact that there is a 1977 motion of the House of Assembly that sovereignty is not a matter for discussion with Spain and that we all subscribe to that motion still, notwithstanding that, we all know that the proposals of Senor Moran have to do with sovereignty and that an answer is going to be given to those proposals which means talking about sovereignty, we all know that, although the Government is clearly doing it reluctantly and doing it under a measure of duress. But then we have to ask ourselves, right, if the commercialisation of the Dockyard was accepted because it was the only option, if the Brussels Agreement was accepted because it was the only option, if the ratification of the enlargement of the Community has to be accepted today because it is the only option, what is it going to be tomorrow, the airport? And what is it going to be the day after, the sovereignty? Each time we will be told: 'No, that is sacrosanct, that will never come. What we are doing now does not necessarily mean that we are going to have to do something even less palatable tomorrow'. If the Government of Gibraltar is talking as my Hon Friend Mr Pilcher said about fighting for our corner, our corner belongs to all of us, it belongs to us here, it belongs to the many thousands of our

fellow citizens outside who are totally unconscious of what is going on in here, who just simply vote for us every four years and expect us to get on with the job in the intervening period. The response that we are giving the Government today is that we have to say to them on the passage of this Bill that I am afraid they are on their own and I am afraid they are on their own because as far as we are concerned we get an occasional glimpse of them having to follow a road that they don't particularly like but for much of the time we get a different message, we get a different message that they are following a road which is going to lead us to salvation and we don't see that and we haven't seen that from the beginning and therefore, Mr Speaker, we are opposing this Bill at this stage, we do not propose to seek to change anything in the Committee Stage but we shall certainly be raising many, many matters in 1986 in connection with what is being passed today for which the Government will have to answer because they are supposed to know what they are doing, they are supposed to know what they are legislating and we don't think they do.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon and Learned the Chief Minister to reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker. I would like first to deal with the first part of the Leader of the Opposition's intervention with regard to the date of the meeting of the House and the problems that have occurred in connection with that. Of course we should have had a meeting earlier than now. Unfortunately, for a number of reasons it has been impossible practically to do so. My intention was first to meet on the 5th November, then I intended to meet on the 12th November. I must remind the Hon Member that once October came we had the unusual and what was a welcome change of the Governor's Farewell Address to the House of Assembly and that unfortunately took part of the time and the business of this House. Then when we were about to have a meeting early in November we had to go to London for talks on the 4th November. Thereafter the time schedule for that and the arrival of the new Governor made it impossible and again the Secretary of State on the 21st made it impossible and, in fact, the idea was to have it on the 26th but at the request of the Clerk of the House for the convenience of Members so that they would have a free day after the Governor's arrival to put their questions, instead of meeting on the Tuesday we met on a Wednesday. I don't know whether the Hon Member realises that but that is the extent to which sometimes one has got to do what is unusual in order to try and meet with the convenience of the House. The other

thing that happens many times is that a meeting of the House must be in order to bring legislation to the House primarily, that is my obligation as Leader of the House. I know that once a meeting is held the question of questions come along but my interest is, first of all, to see that monies that are voted are covered quickly by an Appropriation Ordinance and then legislation which has to pass. I hope, though I know it is not enough yet, I hope that there has been a slight improvement in the publication of Bills. We went to the extent this time, in order to be able to publish some of the Bills a fortnight before the meeting, I had to agree the printer's proof before it was approved in Council of Ministers and the Hon Attorney-General will bear witness that I said no, we must be ready to publish tomorrow, we must publish a clear seven days. The Legislation Committee meet as often as it can to prepare the programme for legislation. When I said that we hope that we could work together on the normal relationship, I mean it in every word and nothing that I have done consciously means that I take anything for granted in that respect from the Hon Member. The fact that we have a good relationship and we can talk about matters, even disagree on many other matters, is not a reason for me not to bear him the greater respect and bear in mind his practical convenience, too. Again, there was a point I have just remembered I am not blaming the Hon Member, there were also difficulties about dates which the Hon Member again changed in order to suit him and I kept him informed as quickly as I could of the dates that were available so that he could make his own arrangements. The real fact is, of course, that we all have all sorts of other things to do but I always say and I tell my colleagues that legislation and the meetings of the House come first, other things are secondary. We don't meet that often to be able to say that they should come second, if we were here every day it would be a different matter. The Hon Member frightened me when he said he wasn't going to be too short but he has impressed me with his brevity because he started to talk at 4 o'clock and he finished at 20 to 5 so he hasn't been too long by his standards. In any case, I will deal with some of the points he has raised because I think they are very valid and have got to be answered. But I will say one thing in general terms and that is, inevitably, it happens all the time and it happens because of our nature and that is that we think ourselves a nation. We are probably a nation in many senses but in the international world, unfortunately, we are not. We discovered that in the 1960's in the United Nations, we discovered that in many other occasions, we discovered that in the terms of accession to the European Economic Community. The Hon Mr Perez was talking this morning as if we had to give the go ahead to Spain going into the Common Market and therefore we were going to agree to Spain going into the Common Market. No, I won't give way now, I am sorry. That is my interpretation

of what he said and it stays like that. We feel that we are a nation and that therefore we are equal and, in fact, in many respects we are but in hard facts and legal terms we are not and it is a balancing act, the Leader of the Opposition has rightly described that, it is a balancing act because it is a question of Government by compromise in this area, absolute compromise, and when Mr Canepa was talking about pressures he wasn't talking, as I understood it and he has confirmed it to me, he wasn't talking about pressures from the British Government but pressures of events. The events for which we are not responsible and for which other people may not be consciously responsible or sometimes they are and what has been described as to-ing and fro-ing which is no pleasure either, I can assure you, it is certainly no pleasure to have meetings where very difficult situations are discussed with very different points of view but that I think is a measure of the extent, if I may say so, of the extent to which one is listened to because if one went on something and you got a no for an answer, that would be the end but if there is on-going effort to try and meet a solution to difficult problems it shows that one is listened to and though we pull no punches at meetings, as my colleague said, look at what happened last night in the United Nations. The United Kingdom amendment to their solution on the Falklands spoke about the right of self determination of the people and a number of the European countries, let alone Latin American countries and others, voted in favour of an Argentinian resolution. When the Hon Member says 'you are alone in this', of course, in a decision where one takes and the Opposition is not with us in legislation we are alone in whatever we come here for but let us not be completely alone from the rest of the world and let us not be completely alone from the very few friends we have and the few friends we have, unfortunately or fortunately, are in the United Kingdom. Nobody else cares for us, whether they care enough or they don't care enough is another matter, or whether they care enough according to what interests they put first is another question but let us make no illusion that we have no other friends and let us therefore try to see how much we can get from our friends in support in matters and this is really the whole trend of government, the whole trend of the pressures of events. It isn't that pressures are not put, one is not pushed to do things, but things push one into matters, events push us into having to take certain decisions. Of course, the commercialisation of the Dockyard was not one of many options. I don't remember, maybe the Hon Member can bring some statement I made, probably he has got it there prepared already, but I don't remember saying we had any other option and I always thought that the Hon Member was completely misguided and completely naive, if I may say so, if not deliberately misleading, in telling the people that if the British Government gave you the £28m you would put the economy straight with your secret plan. The point is they wouldn't have given you a penny

directly for anything unless they know where it is going to, so it wasn't that there was £28m there just to see who was the best taker, it was that they were compelled in a way as the alternative for a grant-in-aid situation in Gibraltar which we refused, to provide an alternative to the Dockyard. That is the reality of the situation, that is the reality of all the facts of what has got to be realised is the running of this place. I think Hon Members opposite have given a completely wrong slant to the legislation today. If we forget the advance implementation, as Hon Members said, I think it was Mr Feetham who said it, we would have come to this situation anyhow because we are Members of the Common Market and as the Hon Leader of the Opposition well knows, whether we pass this Ordinance or not, come the 1st January all the laws of the Community apply to Gibraltar over our heads and what we are doing is honouring a commitment that we undertook in 1973 and applying it when others have applied it and others have agreed that Spain and Portugal should join the Community. It is not correct to say, certainly to my knowledge, that during the negotiations with Spain that Gibraltar's interests have not been taken into account. They have been taken into account. You see the product of the things that are bad, you don't see the product of things that could have been much worse because it has been in the areas where we have been concerned, we have made representations, we had a feedback to the extent to which those representations have been possible.

HON J BOSSANO:

Can the Hon Member say one single thing that has been changed in respect of Gibraltar in the context of the enlargement of the Community which would not have happened automatically without any negotiations, one thing?

HON CHIEF MINISTER:

Without negotiation, no, I didn't say that.

HON J BOSSANO:

If the Hon Member has said that Gibraltar's interests have not been neglected, I want to know one thing that has been done specifically because of Gibraltar's interests that has not come automatically because everybody else got it, that is to say, we haven't got seven years for Gibraltar, we got seven years because everybody else got seven years. If everybody else had had ten years we would have had ten, if everybody else had had five we would have had five so I want to know in one single thing, like other people fought for agriculture and wine and this and that, what did we get?

HON CHIEF MINISTER:

We may not have got much that I can identify now but one we did not get. Let me tell you that Spain was seeking a shorter period of transition for the freedom of labour for Gibraltar, separate from the rest. I know that it was an easy one to defend but let me tell you that these were the attempts. I have got evidence of that, I can assure Hon Members, Spain attempted to obtain a shorter transitional period and had been told that this could not be agreed so the question is not that they were going to give away things that were not being given away for themselves but the fact that the question of Gibraltar was in the minds of those who were negotiating. Some Hon Members opposite saw Mr Hannay, Mr Hannay was described by the Prime Minister when we went to see her about the Dockyard as saying he knows everything that has got to be known about the Common Market, he is now I think Head of the UK Mission in the European Community. He saw us, we didn't pull any punches with him, he went away and brought back some comfort in some respects and in others it was impossible and no doubt other things will emerge as we go along, perhaps, when we get those promised questions in the new year where we may be able to prove that some things were obtained that I am not going to say now, it is very difficult to answer that question at this stage. But going back to the fact that this is a Gibraltar obligation, I can understand Hon Members saying 'we don't want to be associated because of the link to the Brussels Agreement and all that', that I can understand but the fact is that if we do not come into the Community in this way we would come in in a very bad way which is imposing Community laws through the European Courts. For certain things we may be responsible, for other things the United Kingdom may be responsible and for those things for which the United Kingdom may be responsible which affect us we might have a situation of the exercise of special powers to impose legislation to which we are committed by virtue of our membership initially in 1973. This is just confirming if there had been no Brussels Agreement this is just doing the obvious, the point is that at that time nobody thought that we would be affected because the countries that were Members were very far away from Gibraltar and we didn't have the immediate pressure but the fact is that it is either that or, if it is possible, and I would like to state that my tentative inquiry is not for any purpose because I have no intention of moving that but in order to be able to say so here, I don't know whether constitutionally we could get out of the Common Market today if we wanted. I have said that because the alternative to having the Common Market law imposed indirectly because we do not want to legislate in accordance with our commitment, remember it was the commitment of Gibraltar and at that time the House of Assembly was united in that and, in fact, I was the one who put in a word of caution at the time

of the jubilancy of Major Peliza about the fact that everything would not be solved but that was back in 1973. Really, the amendments that are brought today here are just the absolutely necessary amendments that are required if we are to continue in the Community in a normal way. If we are to continue in the Community in an abnormal way then, of course, we could refuse. The Government normally honours its commitments and the commitment of one Government binds another insofar as a nation is concerned in a general concept and as far as we are concerned there is no question but that we have to honour our commitment with all the responsibilities that it brings, with all the headaches that it brings but in the true knowledge that we are doing what we think is best for Gibraltar.

Mr Speaker then put the question and on a division 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 Rossano
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 abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The Bill was read a second time.

HON CHIEF MINISTER:

I don't know whether Hon Members opposite will agree to take the Committee Stage today, if not we will have to come tomorrow for it.

MR SPEAKER:

The alternative is, before you make your mind up, the alternative in accordance with Standing Orders, is that if the House does not agree unanimously it cannot be taken on the same day but, of course, it can be taken tomorrow morning.

HON J BOSSANO:

We are not prepared to take the Committee Stage today.

THE LANDLORD AND TENANT (AMENDMENT) (NO.3) ORDINANCE, 1985

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Landlord and Tenant Ordinance, 1983 (Ordinance 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:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, there is nothing new in this Bill. Clauses 2, 3 and 4 were all contained in Bill No.18 of 1984 which was published on the 29th November, 1984. Clauses 2 and 3 comprised Clauses 7 and 8 of that Bill and Clause 4 comprised Clause 13. All three Clauses were read a second time on the 11th December, 1984, but were omitted in Committee as they dealt with sections included in Part IV of the Ordinance such as the Business Premises Section because at that time, Mr Speaker, there was no intention of bringing Part IV into operation and I think the Government moved eleven amendments in Committee and the Opposition moved two amendments and it was decided not to proceed with these three Clauses in Committee. Mr Speaker, Clause 2 corrects a printing error which occurred in Section 62(3) of that Ordinance. A whole line containing the words 'by any member of the group for the purposes of a business' was omitted. Clause 2 corrects this error by inserting the missing words between the word 'occupation' and the word 'to' in the last line of Section 62(3). Clause 3 of the Bill re-enacts in a slightly different but clearer form the provisions of Section 69 of the Ordinance. By Clause 8 there should be implied in every tenancy agreement that a tenant may not assign his interest without the landlord's written consent and that the landlord's consent shall not be unreasonably with-

held. Further, Mr Speaker, the landlord may, as a condition of consenting to the assignment, charge a premium not exceeding the equivalent of two year's rent 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. As assignee cannot materially change the kind of business carried on in the holding without the landlord's prior written consent. Clause 4(a) of the Bill makes it clear that the compensation to be paid to the 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 present and under any previous tenancy agreement. Generally speaking, tenancy agreements, Mr Speaker, are for a period of up to five years and consequently if the Ordinance were not amended it would be very rare for a tenant to be able to obtain the compensation specified in items 2 to 6 of the Table contained in Part II of the Fifth Schedule to the Ordinance. Clause 4(b), Mr Speaker, corrects the obvious printing error of 'tears' to 'years'. 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:

With all due respect I am willing to speak on the principles of the Bill but not on the merits because there is no merit.

MR SPEAKER:

You shouldn't say that because I may hold you to it and you are going to find it very difficult.

HON J L BALDACHINO:

Mr Speaker, I have reached the same conclusion even though I have gone through a different path than the Hon the Minister for Housing, Mr Featherstone, did in thinking that this is not a good Bill but a bad Bill. I will explain that, Mr Speaker, because when the Hon Member and I think he was Chairman of the then Select Committee when he was proposing the recommendations made by the Select Committee on this Bill and answering my Hon colleague the Leader of the Opposition, even though I wasn't a Member of the House I was sitting in the public gallery listening to what he was saying, he maintained that this was a good Bill or that this was going to be a good law because both affected parties were making at the time complaints about the Bill. If that is the thinking of the Hon Member then, Mr

Speaker, we must see the thinking of the Hon Member now that this is a bad Bill because there is only one side shouting at the moment or saying that it is a bad Bill. Even now letters are coming out in the press and there was a letter sent to him and also a copy to the Panorama and also Action for Housing which was another of the affected parties that the Minister was referring to at the time, are saying that this law does not meet the requirements of the tenants. Mr Speaker, I have been looking through the law and to me it appears, quite frankly, as if I was playing 'Monopoly' because I was referred from Section to Section, I had to go backwards and forwards. I don't know if people in the legal profession enjoy that, I didn't enjoy it, quite frankly, I don't enjoy going backwards and forwards. In one of these to-ings and fro-ings I landed on the Second Section of the Fourth Schedule and as the Hon Minister for Housing quite rightly and I agree with him when he said to me that it was no longer the Sinking Fund, that it was now called the 'Reserve Fund' and I personally think that it is a more appropriate name to be called in this instance. Mr Speaker, the Fourth Schedule referred me to Section 16, part (3). At the time I didn't realise that but when I read Section 16 I realised that Section 16 had already been repealed and had been substituted by Section 18(a). I have been looking through Hansard and through this Bill and I cannot find an amendment to the Fourth Schedule, so I am returning the favour to the Hon Member because I think he changed that to comply with the amendments they are bringing to this House. I think that this Ordinance is made more to the interests of people outside this House because we had the unlucky incident where I proposed an amendment to this, as a matter of fact it was two, one was defeated and one was passed with the approval of the Government and in the next House he came back and it was changed back to the original one. I think that the Opposition in this case cannot play a role where it can put an amendment because it would appear to be subject to veto from outside sources. Mr Speaker, I can say that the same as there are people now complaining or against, mostly tenants, the third part of the law, I think there will be other people when Part IV of the Bill comes into operation who will also be complaining once it becomes effective especially those people who have small family businesses. Going through the explanation that the Hon Member has given for bringing these amendments to the House, the ones that we are now discussing, he said on the 26th March, 1985, and he was referring to Clause 13: 'Sir, I beg to move that this Clause be omitted from the Bill. This is one of the Schedules, it deals entirely with business premises and as I said in answer to Question No. 136, Government wishes more time to think about business premises'. What has the Government thought about this amendment, Mr Speaker? Why take so much time to bring the same amendment that we had before because what the Hon Member has

done, I don't know whether it is to confuse us on this side because we are not of the legal profession, he has, for example.....

MR SPEAKER:

Let it be said that on the other side, in fairness to them, there are only two members of the legal profession.

HON J L BALDACHINO:

What (a) used to be before he has now changed it to a subsection, (b) now comes before (a) and that is all that has been done in this new amendment. Mr Speaker, the word 'tears' which is in the Fifth Schedule, I think it is, the Hon Member says that it is a printing error. It could well be a subconscious error because the person who was drafting the Ordinance.....

MR SPEAKER:

No, the errors that have been referred to are typographical errors such as 'tears' instead of 'years' and that is the error you are referring to.

HON J L BALDACHINO:

What I am saying is that the explanation that the Hon Member has given us is that it is a printing error. I agree that it might be a printing error and what I am saying is that I have another interpretation that the person who was drafting the Ordinance in his subconscious mind as he was drafting the Ordinance he must also have been reading the Ordinance and he was most probably thinking that when this came into operation there could be a lot of tenants who would shed tears and then in a moment where the subconscious took over instead of writing years he said we had better regulate the amount of tears that one can shed and it says 'more than ten years but not more than fifteen tears'. The person considered that there would be tears and he must have said: 'I had better put a helping hand there and control the amount of tears that we are going to have'. We are going to have so many tears once it comes into operation and the landlords start doing what they can do and that is one way of looking at how tears came to be in the Landlord and Tenant Ordinance. As I said before, Mr Speaker, and I don't want to go over all the arguments again. We have been consistent since we had one Member in the House, and now we have seven Members, saying that we would not agree to it and we went along, Mr Speaker, as my Hon Friend the Leader of the Opposition said in the Opening Ceremony of the House, that we should try and help the Government, we did this in this Landlord and

Tenant Ordinance even if we weren't in agreement with it, we did it because we proposed two amendments to the Ordinance but what I am not prepared to do at this stage is to propose any more amendments because, quite frankly, I think that the power to accept an amendment does not lie in this House of Assembly, it lies somewhere outside. This Ordinance does not protect those who are in a weaker position. This Ordinance is more like a guide book to landlords to get out of Part III and tells them what they have to do so that they can carry on doing what they are not supposed to do. That is what the Landlord and Tenant Ordinance does as far as I am concerned. Mr Speaker, we will most certainly not be supporting this Ordinance in any way.

MR SPEAKER:

Are there any other contributors?

HON CHIEF MINISTER:

I have not followed very much the earlier part of the Hon Member's intervention but I will agree with him that unfortunately this Ordinance has had a very checkered life and that we hope that these are the last amendments because we propose to bring into full effect the landlord's part on the 1st January, 1986, and that is why it was necessary. I entirely agree that it has had a very checkered life from the very beginning and though perhaps not directly, one of the results of course is that two Attorney-Generals have dealt with it.

HON M K FEATHERSTONE:

Sir, I will only speak on the merits of the Bill because basically it has no principles. Its merits are intentionally to correct mistakes in the original Bill and I don't think that anybody can go along with having an Ordinance on the Statute Book which is in incorrect language and cannot be properly understood and therefore the merits of this Bill are absolutely pre-eminent. In particular, the alteration under Clause 4 to the Schedule from duration of current tenancy to period of occupation of the premises under the current or any previous tenancy is of paramount importance and was one of the most important features in that Schedule made by the Select Committee. This Bill simply purports to put right things which were wrongly worded or inadequately worded in the original Bill and therefore I think on its merits it deserves every commendation. I trust that the Opposition will see it that way.

HON J BOSSANO:

Taking up the point that has just been made by the Hon Member,

the reason why the Opposition does not see it that way is because we think the Landlord and Tenant Ordinance is such a bad piece of legislation that it takes more than correcting the typing errors in it to put it right, Mr Speaker. If the Government is prepared to come back and do a proper job of regulating the relationship between landlords and tenants then we will look at it in a different way but if all we are doing is, in fact, trying to alter printed errors or to bring into effect the part that got left behind just like we had the previous situation where the thing was dead and then revived, then as far as we are concerned, we have been against the thing throughout its checkered history going back to the setting up of the Select Committee and we are still against it, that is why we are voting against.

MR SPEAKER:

I will then call on the Hon and Learned Attorney-General.

HON ATTORNEY-GENERAL:

I just would like to express my gratitude to the Hon Mr Baldachino for drawing my attention to yet another error in paragraph 2 of the Fourth Schedule and perhaps in Committee he won't object to my moving an amendment just to change Section 18(2) to Section 80A(2) and to call the 'Sinking Fund' the 'Reserve Fund'. I am grateful to him.

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 R Mor
The Hon J C Perez
The Hon J E Pilcher

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.

MR SPEAKER:

Do all Members agree that that should be today?

HON J BOSSANO:

No, Mr Speaker, I think we will take this later.

HON CHIEF MINISTER:

If the Hon Member will allow me. I realised that he objected to the question, I thought it was symbolic and I hope it is symbolic of not agreeing but I have to say something, if you will allow me on this question and that is that normally unless a Bill is very important and requires reaction outside the Opposition, it is put on the Agenda for Committee Stage and Third Reading subject to objection not only by one day but if it is required the Hon Member knows that I say yes, leave it to another meeting. But there are some Bills that in a meeting of two or three days can be taken. I don't think there is much need to say that the Gaming Tax or the other small Bill on the drugs require a lot of time from one day to another so that is why it is put there, it is not put there in an attempt to bulldoze the thing but if it is wanted that way I knew we would come tomorrow, anyhow.

HON J BOSSANO:

It is not the intention of this side of the House to hold up proceedings unnecessarily, Mr Speaker, but I did make the point that we feel that there ought to be a gap on all legislation as a matter of course between the First and Second Readings and the Committee Stage of the Bill where if we have a debate on the principles of the Bill, I know this doesn't necessarily follow on this one because there are two clearcut positions on the Landlord and Tenant Ordinance and what I have said before was that what we would like to establish is that the general practice ought to be that that gap should exist but that if there are compelling reasons for something to be put on the Statute Book quickly then we are prepared to go along with it being done quickly even if it means we do a less thorough job but for us part of the value in the debate on the principles of the Bill in the Second Reading is that sometimes we are not sure

whether the conclusions or the implications that we see when we get the Bill circulated are accurate. It gives us an opportunity if we question things of hearing explanations from the other side and re-assessing our own position either for or against the Bill. We believe that that ought to be the general practice and that it ought to be the exception rather than the rule that they are all passed in one meeting. If the Government feels that it is important to take this today to accelerate the business, alright, we will take it today but the point that I am making is that our view is that it shouldn't be the general rule.

MR SPEAKER:

You are being so nice to each other that I am slightly confused, do we have it today?

HON J BOSSANO:

We will take it today if it is important for the Government, yes, we will take it today.

The House recessed at 5.25 pm.

The House resumed at 6.00 pm.

THE INCOME TAX (AMENDMENT) (NO. 2) ORDINANCE, 1985

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. I will deal briefly with the question of the abolition of tax on interest which is charged by institutions lending for development purposes. One of the problems encountered in recent years has been that of access to long term finance for private development projects in Gibraltar. Overseas financial institutions have been reluctant to lend for this purpose and therefore local companies have had to have recourse to short term expenses, and virtually speaking, overdraft facilities. Since the border opened there has been a

change in the readiness of overseas institutions, in particular, to lend for long term development but the particular difficulty has been withholding tax and, indeed, the whole question of tax on the interest or, indeed, the profits or any other effect on such finance. The proposals in this Bill will, in effect, put long term lending for development purposes on the same sort of footing taxwise as the Government's own borrowing for commercial loans. The concession will be limited to those projects which are beneficial to Gibraltar and hence the criteria to be applied in determining that will be those which are applied by the Development Aid Advisory Committee under the Chairmanship of the Minister and then, secondly, there will be a further scrutiny of the terms and conditions of the loan as provided for in the Bill. The aim is to exclude any project which is simply re-financing of an existing loan without any expenditure of a capital nature for development or improvement of existing assets. I would, however, like to correct any impression that there is a tax giveaway, Mr Speaker. The opportunity cost, in fact, of this is nil because if the amendment were not made and the tax concession, to call it such, were not made available then the finance would simply not be forthcoming because companies would not lend when they can obtain favourable tax terms by simply putting their money in Euro bonds or other securities. Secondly, even if tax were to be withheld, the amount which is lost is, we are really talking of very little because the lender would in a taxable situation obviously offset the cost of money to him so the tax payable would simply be on the terms the difference between the lender's own borrowing rate and the rate at which he lends to the developer. I need hardly say that the rationale of this particular measure is to make it cheaper to borrow money for development purposes and, indeed, to open up the market to overseas and domestic sources of finance in competition. To cite one recent example of which I am aware and which would be covered by this Ordinance, the facility would result in a reduction of 1½% compared with the interest rate which would otherwise be payable. The other Clause of the Bill, Mr Speaker, is self explanatory, I think, and I don't wish to add anything to what is said, in fact, in the explanatory memorandum. 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:

We are opposed to this measure, Mr Speaker. I don't think the Hon Member can simply talk about the opportunity cost being nil and that the money would not come here if the measure was not there. What he is suggesting, in fact, is that development

would not get off the ground because finance would not be available unless we provided for that finance to be invested with a tax pay return in Gibraltar, that is what he is saying. If he is saying that the opportunity cost is nil because the money would not be lent if the interest were taxable he is saying there would not be available capital for investment in Gibraltar other than on the basis of us legislating to make the return interest free.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Speaker, if the Hon Member will give way. I did not say that there would not be available capital, I said that the opportunity cost of this particular concession would be nil because the money which otherwise might come from the overseas institutions, I did mention that particularly, would not come if there were withholding tax or, indeed, any tax.

HON J BOSSANO:

Yes, that is exactly the point that I am making, Mr Speaker. Presumably the Hon Member is not saying that the developments would appear because there was money. We can pass this Bill and as a result of that we can suddenly find ourselves inundated with institutions wishing to invest £1,000m which they would be unable to invest because there is nothing to invest £1,000m in. The money that would be actually lent would only be the money that was borrowed, you cannot lend more money than there are borrowers for and therefore what he is saying to us is that the people who have got developments would not be able to borrow the money because there would not be lenders unless we provided them with this incentive because if there are lenders for which there are no borrowers the effect is still nil. There has to be both for the transaction to take place. Our understanding of the present economic scenario from the Minister for Economic Development, is that we are not facing difficulties in attracting developers but what we have to do at the moment is control developers rather than attract developers. He said so in a Conference in the Rock Hotel, I think it was in the Heritage Conference, he again suggested today, I think, when talking earlier in the context of the European Communities and the effect of the open frontier, that there might be overheating in developing and that the Planning Department might have to slow down the process. Well, then, if we are already overheating, without making interest tax free and we make the interest tax free it will just overheat even more, we might even evaporate and I am sure the Hon Financial and Development Secretary wouldn't want us to evaporate.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Or would he?

HON J BOSSANO:

I will allow him to interrupt me if he wants to clear up that point. The provisions for capital investment in Gibraltar are already very generous. If someone gets a development aid licence, he gets reduced liability for the payment of municipal rates, nothing for the first year and then on a declining basis, which lasts for a ten-year period. He also has, as I understand it, the opportunity of recovering his entire capital investment before the profits become taxable, so that is he only starts paying tax after 100% return on the capital invested, as I understand it. If I am wrong I will be corrected, but as I read the Income Tax Ordinance in relation to Development Aid if somebody invests £½m in a project then the net profit on that project is not taxable neither are the dividends paid out of that net profit taxable until the whole of the capital investment or whatever proportion of the capital investment is allowed for Development Aid but the Development Aid makes possible that 100% of the capital investment should be. I know that the Government can decide to make it 50% or 30% and sometimes when the Development Aid licences are published in the Gazette I have noticed that in some projects it is less than 100% but what I am saying is that there is provision for 100% return of capital without tax and there is provision for reduced payment of rates and now we are saying, as well as that.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. I think that he may be making a mistake. It is not 100% return of the capital which is 100% profit, he means 100% depreciation, I think. The value of the capital investment is allowable up to 100% against profits.

HON J BOSSANO:

As I understand it, Mr Speaker, the depreciation provision of the Income Tax Ordinance are in addition to the capital aid granted under Development Aid otherwise it would mean nothing. Everybody is allowed to depreciate the capital investment everywhere, of course, this is in addition.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. He cannot have a double depreciation. Normally with an investment, certain equipment or the plant or anything of that nature which would be allowable

under the Income Tax Ordinance is covered by the provisions of the Income Tax Ordinance. With the Development Aid he can also get relief on building but other items of expenditure are not covered by the Income Tax Ordinance.

HON J BOSSANO:

You can get relief on buildings which would not normally be depreciated, Mr Speaker. If somebody builds a building, the normal practice with buildings is that either they are kept at the historic cost in the accounts or else they are re-valued afterwards. It has been a very long time and I think we have got to go back to the 1930's which was the last time that buildings were depreciated and reduced in value. We are talking about a situation where somebody builds a building with £1m and can make £1m net after the expenses of maintaining the building and running the building and what have you, make £1m net free of any liability to income tax if he gets 100% Development Aid for that project. On top of that all he has to do is to have a Finance Company which he owns and he lends himself £1m and he charges himself 20% and then he can pay himself to his other Company 20% per annum in interest and then he never pays tax, ever. I think this creates a loophole on the one hand which, to my mind, is unnecessary because it is making the attraction of capital investment and of development greater in a situation where we are being told the amount of people interested in development is already as much as we can cope with. Why do we need to keep on giving incentives? It is the same as if we had a situation where we are importing labour and giving people subsidies to create more jobs or whatever. Everywhere in the world that I know of the fiscal incentives that the Government gives are designed to achieve the resolutions of specific problems so if you have got regional aid it is because you have got a depressed region, if you give people unemployment premium it is because you want to subsidise employment. It seems to me that if the reason why we need to do this is because the developers that we have got are finding difficulty in raising finance then that is a reason that needs to be given but we haven't been told that. We have been told that the lenders are not interested in lending here unless we provide this but, of course, for the lenders to lend there must be borrowers and I would have thought the area where we clearly have a shortage of lenders is for the average working man wanting to buy a house in Gibraltar who doesn't get Development Aid. We know that although the only Building Society to all intents and purposes is doing a good job and is attracting some money in, we must not forget that part of the attraction of the deposits in the Building Society is the measure that we passed in this House of Assembly which the Government brought and we supported and, in fact, we said we would support no ceiling. At the time when the Hon

Member's predecessor brought the Bill to the House, Mr Wallace, the position of the GSLP was to say that we would support that there should be no ceiling on the interest from Building Society deposits being tax free and we were told that this would create a bottleneck of more people depositing money than there were borrowers for and that the Building Society would get so much money that they wouldn't know what to do with it and that is why it was better to put a ceiling, that is what we were told at the time. We happen to know from people who have made approaches to us, that there are people who would like to buy a house and who have difficulty in getting a mortgage either because the Building Society is doing what it can within the money that it has got and the banks don't appear to be very interested and we have talked before in the Elections Ordinance about the concern of making sure that people stay in Gibraltar and don't go across the other side. Well, here we are giving an incentive for people to take their money out of the Building Society because if in the Building Society you can only get tax relief up to £500 interest and you have got a lot of capital, then you wouldn't put it into a Building Society, you would lend it to somebody who has got a Development Aid licence. If somebody is building a block of luxury flats and gets a Development Aid licence he can borrow the money at a lower rate of interest or else the lender can make a better return on his capital than by lending it for owner occupation for the average person in Gibraltar. I don't see the logic of that, Mr Speaker. I also think that the Government itself, I would have thought the Hon Financial and Development Secretary, would not want to create competing sources of investment with the Government's own borrowing requirements. Unless he can tell me that this will stop him borrowing money which might make me change my mind, if he tells me he will not take up anymore loans under the Loans Empowering Ordinance because all the money is going to go into Development Aid then we might decide to support it but apart from that I would have thought that if he wants to borrow money and if part of the attraction of investing in Government bonds is that the interest is not taxable and you provide another source of tax free investment, then you are creating competition for your own borrowing sources. The Government, by passing this Bill, is creating a situation where resident investors will have an additional choice whereas at the moment resident investors wanting to invest in the local market and not have to pay tax can only do it by either lending to the Government or by investing in a Building Society account. We support that, we think that if that means that cheaper finance is available for public expenditure and cheaper finance is available for home ownership, then it is good, there are sound reasons why politically one decides to discriminate in favour of those areas because you want to channel the money in those areas. If you then give the same opportunity to commercial development then you are only doing that because commercial

development is being stifled because of lack of capital but if it is being stifled then surely the Government must realise that if in terms of the local market you have a situation where, for example, tomorrow a development related to tourism offers a better tax free return than either the Government or the Building Society, they run a risk of either having their cost of money pushed up by competition or of losing that source of finance. If we are talking about international institutions which, of course this Bill doesn't because it says whether resident or non-resident. I am not sure what is the position with international institutions now but I would have thought that it is not very difficult for a developer to borrow money internationally, quite frankly, without that being subject to withholding tax. I know that it was done for many years by the Government of Gibraltar and then somebody came along and suggested that it couldn't be done unless we specifically exempted it and we had the situation where the interest payments on Hambros Bank and on Lloyds Bank were exempted from the payment of tax retrospectively, I stand to be corrected on this but I would have thought, for example, Mr Speaker, that if Dragados y Construcciones who is the developer for the new Water Gardens, were to borrow in Spain £1m for developing the project in Gibraltar, I don't see how we can say to them: 'Before you pay the bank in Spain the interest you have to make it subject to Gibraltar withholding tax'. So what are we talking about international investments? Do you mean to tell me that that cannot happen now? That the Government's position is that they cannot borrow the money in Spain without having to deduct Gibraltar tax from it? I think that is nonsense. The main incentive here is for the local money market, as I see it. There is no indication, as far as I can tell, because we have not been told anything different, that the developments that there are in the pipeline run the risk of not getting off the ground because of an inability to raise capital internationally because of our tax laws. Certainly, raising capital locally may be a difficult thing because of our tax law but there is a limited size of capital market in Gibraltar and if we are going to introduce more competition for those funds then the opportunity cost may not just be the loss of theoretical revenue, it may increase in local interest rates, greater pressure on the mortgage market for home owners, greater difficulty in the Government raising money through the issue of their own debentures and I think those negative aspects have not been mentioned at all by the Financial and Development Secretary, to me they seem real. I think on the second part of the Bill our position would be that we don't see why a non-resident person should be able to perform ten times a year and not pay tax for the thirty hours work and a local performer should, and, therefore, if the Government feel that performers should have thirty hours of performance a year for which they don't get taxed then they should say that in the

case of local performers the first thirty hours of performance a year should not be taxed either. Again if we look at a situation where we are not just talking about people who may be professional entertainers in the international scene but a band from the neighbouring territory and a band from here playing at a Christmas dance in a few weeks time. Presumably, the local band is supposed to pay tax and the other one isn't and then the local band is put in an uncompetitive position vis-a-vis the other one which is unfair competition. Why should we do that, why should we give an advantage to the outsider? If the Government feels it is necessary, if the Government feels they shouldn't pay tax then the Opposition will not support that unless there is equal treatment for our own people. It is self explanatory that they are going to do it for non-residents but he hasn't explained why they are doing it for non-residents. As far as we are concerned we will not support the thing being for non-residents only. If the Government feels the measure is necessary then we will support it if it is done on an equal basis or unless they give us a reason why they are discriminating.

HON A J CANEPA:

Mr Speaker, insofar as international financing is concerned, I think I would confirm that people who, in my experience, are interested in major development projects, notably Queensway, Rosia and such like and the East side reclamation development, certainly don't have any difficulty in arranging for financing. The money may come from Hong Kong, the money may come from Arab countries, there is no problem. But it was represented to me earlier in the year by local businessmen that they were experiencing difficulty in getting loans for what I would describe as either modest development projects, projects, let us say, of the order of £½m, perhaps, between £½m or £1m, or for investment in new plant and machinery which could be sizeable, in fact, it could be in excess of the minimum amount which they qualify for a Development Aid licence, they did represent to me that they were finding it difficult to get a loan for longer than five years. Five years seemed to be the norm and it was only very exceptionally that they could get a loan for seven years, very, very exceptionally, the norm is five and that creates problems. By this measure, they represented, it would be possible for them to arrange with local banks, it would be sufficiently attractive for local banks to give loans in excess of seven years. I discussed the matter with the Financial and Development Secretary, I think he held a series of meetings with people who had made the representations and that is the genesis, really, of the first part of the Bill. Insofar as the second part is concerned, what has been represented to the Government by impresarios, if you like, endeavouring to attract entertainers from outside Gibraltar to provide some

entertainment for tourists and, indeed, for the resident population, notably a number of Spanish performers like Manolo Escobar, Chiquetete, others in connection with the Miss Gibraltar Show, it was represented that there are practical difficulties in following up the question of assessing them for tax in respect of their earnings, in respect of the fee and if they are here for a few days only, perhaps less, a matter of twenty-four hours, it is not easy for the Commissioner of Income Tax to assess that person. The only way an assessment could be made would be made in due course through the medium of whoever is bringing the entertainer or the act. That would mean that inevitably the fee would be increased. If it was known that tax was going to be levied then if an entertainer was prepared to settle for a fee of £1,000, say, well if tax was going to be levied he would ask for £1,500 or £1,800 to take account of the element of tax. That is the reason behind this but, of course, it does raise a valid point about local entertainers. Presumably because local entertainers are normally taxed in the normal way and if it is known by the Commissioner of Income Tax that people who are employed anywhere in the public service also on a part-time basis are part of a band which particularly at Christmas time performs on a regular basis, presumably, eventually, obviously not under PAYE but eventually when the final assessment is issued, the Commissioner of Income Tax would assess them in respect of these other part-time earnings in much the same way as is now happening with a group of school teachers who, I understand, are having an assessment made in respect, supposedly, of the exercise of their trade or profession privately. The matter is taken care of for local residents, in practical terms the matter is taken care of. It does raise an issue of principle though and the principle is whether we should discriminate in favour of entertainers from outside because of practical difficulties as against local entertainers and perhaps this is a matter on which the Government might wish to reflect further.

HON CHIEF MINISTER:

I think on that point, the point might be met if the number of appearances should be reduced not to exceed five in any year because in that case you would be catering for the people who come from outside to do a performance and go away and not recurring to come here and taking the benefit of tax free.

HON J BOSSANO:

If the Hon Member will give way because otherwise I cannot speak. I think the point, as the Hon Minister for Economic Development has said, is not whether five or ten or one hundred is reasonable or unreasonable, as far as we are concerned if the Government wants to stop taxing people they can do that to

everybody and we will support them straightaway. The point is that we don't think it is right because independent of people who are international artists of international repute, independent of that, we have also had small sort of semi-amateur groups that have come across since the normalisation with the frontier. If you have got a situation where you ask one group or another group for a price, we don't think it is right that the Gibraltar group should have to charge a higher price because they get taxed and the other group can charge a lower price because they don't get taxed and we don't think that it is a sound principle, anyway, to have in our legislation that two sets of people doing identical things should get taxed differently, that one should be able to do it and that is not a taxable income and that somebody else is doing exactly the same thing and it is a taxable income. It may even be against Community law, in fact.

HON A J CANEPA:

If the Hon Member will give way. The point is, of course, that if you have got local entertainers who earn their living from such entertainment then, of course, they will get the normal allowances of £850, at least. In respect of somebody coming from outside depending, of course, on what their earnings are, if the fee is low, if the fee is, let us say, below £850, you could say: 'They are not entitled because they are not residents'. They are not entitled by law to the allowance of £850 but by not taxing them you are, in effect, taking account of that aspect except that where the fee, naturally, is very, very high, if it is an entertainer of international repute and the fee is a few thousand pounds then, of course, even if notionally you take account of the £850 that they are not entitled to but you give it to them, as it were, nevertheless there is an income in excess of £850 that would normally be taxed in the case of a local entertainer and the outsider would otherwise be getting away with it.

HON J BOSSANO:

I think the point that in fact we were making earlier, Mr Speaker, in relation to Regulation 1612 in question time which the Hon Financial and Development Secretary undertook to look at which is where we changed the rules, we changed the rules on residents following the advancement of EEC rights because under the Gibraltar law I think it was until 1978 or 1979 we had a situation where a non-resident British Subject was entitled to personal allowances and then that was altered and what the Government changed retrospectively to the 5th February, I am sure the Hon and Learned Attorney-General can confirm, they published the new Tax Rules in the Gazette backdated to the 5th February as a result of which they introduced this new

concept of a 'permitted person' and the permitted person is entitled to a proportion of the annual tax allowance depending on the period during which he is in gainful occupation or employment or profession in Gibraltar so that if he has got earnings for a period during which he is earning he gets a proportion of the allowance and that proportion of the allowance is a proportion based on time. If he works for a month in Gibraltar he gets one-twelfth of the annual allowances. The point that we had made earlier is that under Regulation 1612 it says quite clearly that the worker in the European Community must be given equal treatment as regards taxation and whenever we have raised this the Hon Financial and Development Secretary has come back with harmonisation and it has nothing to do with harmonisation. Harmonisation is a requirement to bring Community law in line with each other in different places. If there was a requirement for harmonisation we would then have to bring our tax allowances into line with a Community tax allowance or our tax rates into line with the Community tax rates, that is what harmonisation is, but we are not talking about that, we are talking about the prohibition of discriminatory treatment within the tax jurisdiction. I will give way if he wants me to.

MR SPEAKER:

No, we are giving way too much. The Financial and Development Secretary has the right of reply which he will be able to exercise.

HON J BOSSANO:

I don't know whether there is a need for me to find the relevant part of Regulation 1612 or does the Financial Secretary know what I am referring to? He does know. There is an article that says specifically that workers cannot get treated differently as regards taxation. Our interpretation of that is that, in fact, what the Government did in changing the tax rules and what the Hon and Learned Attorney-General did was that recognising that by taxing frontier workers differently from resident workers we were in fact, in breach of Community requirements and therefore he said: 'Frontier workers become permitted individuals as opposed to resident individuals, since they are non-resident workers to get the allowance proportionate to the time that they are working here'. Of course, that raises the point that we raised in question time that if you have got a non-resident worker here and he becomes unemployed and he is unemployed for three months of the year then he gets three-quarters of the annual allowance. If you have got a resident worker and he gets unemployed he gets the full twelve months allowance, therefore if you get the two workers and you look at

their two incomes, side by side, the non-resident permitted individual is paying more tax on the same income as the resident permitted individual and that is contrary to Community law and contrary to Regulation 1612, in our judgement. Coming back to this business of the entertainer, we think that it is wrong, anyway, and it may be contrary to Community law to say: 'It is not a taxable income for a non-resident person but it is a taxable income for a resident person', because it isn't just a question of the period of residence here. Under the existing law the non-resident person would be entitled to the equivalent of three hours of the annual personal allowance, that is what the law says at the moment, as a permitted individual. If he works for one day he would be entitled to one over 365 of the annual allowance. Presumably, if he works one day in the month then that would count for one month. In that case, Mr Speaker, on that basis, there is already an opportunity there, I would have thought, under the existing law without any change, for a performer that comes in only once who makes one performance and who is then entitled to a couple of hundred pounds tax free allowance because he gets the equivalent of one month's allowance, he has already got that advantage whereas in most cases, in fact, the local performer would be somebody who may have been doing it on a regular basis for a very long time but who will be already in a full-time job and who will already have used his allowances and who will be already on a higher marginal rate of income tax. I think in that context the person that comes in new from outside would be able to do it paying proportionately less tax but the important point of principle is that what is taxable income must be taxable income for everybody and not taxable for some and not taxable for others, as far as we are concerned. We have had a better understanding of the reason for the thing being brought to the House as a result of the explanation the Hon Mr Canepa has given but it still hasn't met our obligations to it, I am afraid.

MR SPEAKER:

I will then call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I don't propose to say a great deal in reply because the Hon Minister for Economic Development and Trade has in fact answered quite a lot of points which the Leader of the Opposition made. I would simply say that on the question of competition with the Building Societies and other forms of borrowing, I really do not think that the sort of finance which we are talking about here, the sort of institutions, would be competing with the Building Societies or, indeed, Government debentures or any other local source for that sort of finance, that is my view.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. I am sorry, Mr Speaker, the Hon Member hasn't seemed to have listened to anything the Minister for Economic Development has said. The Minister for Economic Development has said that the institutions are not a problem, that it is the small businessman that has made representations to the Government because they have difficulty in getting the money for more than four or five years and that is the local market that we are talking about. If he is only concerned about the big institutions let him put a floor, let us say interest received by people in respect of loans in excess of £½m but that will not do anything for the small businessman. What are we talking about? Which end are we talking about?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I was answering the Hon Gentleman's point that he made earlier that we would be competing with the local market for funds, that is to say, people would not be putting their money in Building Societies, they would be putting it into lending institutions. However, I see that I didn't fully understand the point he was making. I don't propose to dwell on that but I think I do owe it to the Hon Member to answer his point which he raised again about the possible discrimination under Regulation 1612/68. Of course, these Regulations say that there shall be no discrimination on grounds of nationality, that is to say, whether a person is a member of one Member State or another they should enjoy the same social and tax advantages but I do think that the Hon Member has not grasped but it may be my fault in question time for not explaining it properly, Mr Speaker, I sometimes do have difficulty in grasping the point which is being raised, that the crucial distinction is, of course, between resident and non-resident in this particular instance and that is the crucial point underlying the answer I gave earlier about the reduction of allowance when a person is non-resident and this would apply, as I said, whether he is of French or Spanish or any other EEC nationality, that is, they are not discriminated on grounds of nationality.

HON J BOSSANO:

Mr Speaker, will the Hon Member give way? Can the Hon Member then explain why the Government changed the Income Tax Rules backdated to the 5th February to create a non-resident permitted individual if it wasn't to meet this point? The Government changed the law when we raised this point. If the Hon Member is right now then can he tell me why was he right

before? He cannot be right both times.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think we covered this earlier in question time, Mr Speaker. I shall certainly consult the Hansard and see what it was I said and if need be I shall provide the Hon Member with some more information. I cannot recall precisely why it was that we did certain things at the time, it was obviously in the context of the Brussels Agreement and certain changes which were being made but no doubt we can look into that. I have nothing more to add on the Second Reading of the Bill, Mr Speaker.

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 Miss M I Montegriffo
The Hon R Mor
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon M A Feetham
The Hon J C Perez

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 (1983/84) ORDINANCE, 1985

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:

Sir, I have the honour to move that the Bill be now read a second time. I do not propose to make a speech. The contents of the Bill was the subject of comment in the Principal Auditor's Report for 1983/84 and it is simply a question of clearing up the excess expenditure in that year by means of another Appropriation 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?

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 (1985/86) ORDINANCE, 1985

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for Ordinance to appropriate further sums of money to the service of the

year ending with the 31st day of March, 1986, 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. In accordance with convention I do not propose to make a speech as Hon Members will, of course, have an opportunity to question the items shown in the Schedules during the Committee Stage.

MR SPEAKER:

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

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.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that this House should resolve itself into Committee to consider the following Bills clause by clause: The Traffic (Amendment) Bill, 1985; The Administration of Estates (Amendment) Bill, 1985; The Misuse of Drugs (Amendment) Bill, 1985; The Landlord and Tenant (Amendment) (No. 3) Bill, 1985; The Gaming Tax (Amendment) Bill, 1985; The Income Tax (Amendment) (No. 2) Bill, 1985; The Supplementary Appropriation (1983/84) Bill, 1985; and The Supplementary Appropriation (1985/86) Bill, 1985.

This was agreed to and the House resolved itself into Committee.

THE TRAFFIC (AMENDMENT) BILL, 1985

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

Clause 3

HON A J CANEPA:

Mr Chairman, there is a point which has been worrying me since yesterday evening in Clause 3. It is really to do with the remark which the Hon the Leader of the Opposition made. Section 55A of the principal Ordinance, subsection (5), reference is made to any person who behaves in an insulting manner or uses threatening or insulting expression. I was wondering and perhaps the Hon Mover of the Bill, Mr Featherstone, might clarify this point for me, I was wondering, Mr Chairman, whether under the question of insulting manner or insulting behaviour, whether that might include the possibility that the Leader of the Opposition's journalist might urinate in front of the Commission. I wonder what the position would be.

HON J E PILCHER:

He is not here at this moment.

HON J BOSSANO:

Mr Chairman, isn't the Mover of the Bill going to clarify the position or do we all have to urinate on top of Mr Canepa?

HON M K FEATHERSTONE:

I would leave that to a member of the Committee, the Commissioner of Police.

On a vote being taken on Clause 3 the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 6 were agreed to and stood part of the Bill.

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

THE ADMINISTRATION OF ESTATES (AMENDMENT) BILL, 1985

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

Clause 2

HON ATTORNEY-GENERAL:

I beg to move that in the new Section 57(1) the sum of "£1,500" appearing therein should be omitted and the sum of "£2,500" 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

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that Clause 3 be amended in paragraph 1 of the form contained in the Third Schedule that the sum of "£1,500" be deleted and the sum of "£2,500" substituted therefor and I think that covers all the references of £2,500.

Mr Speaker put the question which was resolved in the affirmative and Clause 3, as amended, was agreed to and stood part of the Bill.

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

THE MISUSE OF DRUGS (AMENDMENT) BILL, 1985

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 LANDLORD AND TENANT (AMENDMENT) (NO. 3) BILL, 1985

Clauses 1 to 3

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 Miss M I Montegriffo
The Hon R Mor
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon M A Feetham
The Hon J C Perez

Clauses 1 to 3 stood part of the Bill.

New Clause 4

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that a new Clause 4 be inserted which reads as follows: Paragraph 2 of the Fourth Schedule to the principal Ordinance is amended by omitting the words "notwithstanding section 16(2) pay into the sinking fund" and substituting therefor the words "notwithstanding section 80A(2) pay into the reserve fund".

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 Miss M I Montegriffo
The Hon R Mor
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon M A Feetham
The Hon J C Perez

New Clause 4 stood part of the Bill.

Clause 4

HON ATTORNEY-GENERAL:

I beg to move, Mr Chairman, that old Clause 4 be renumbered Clause 5.

Mr Speaker put the question which was resolved in the affirmative and Clause 4, renumbered Clause 5, was agreed to and stood part of the Bill.

Clause 5

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that Clause 5 be renumbered Clause 6.

Mr Speaker put the question which was resolved in the affirmative and Clause 5, renumbered Clause 6, was agreed to and stood part of the Bill.

The Long Title

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon M A Feetham
The Hon J C Perez

The Long Title stood part of the Bill.

THE GAMING TAX (AMENDMENT) BILL, 1985

Clause 1

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I move that Clause 1 be amended by adding a new subsection 1(2) and renumbering the existing Section 1 as 1(1). The substantial amendment which is the new subsection 1(2): "This Ordinance shall come into operation on 1st January, 1986".

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 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, 1985

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

Clause 2

HON CHIEF MINISTER:

Sir, I beg to move that Section 7(1)(y) be amended by substituting in the second last line the word "five" for the word "ten" appearing therein.

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 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 carried.

Mr Speaker put the question and on a vote being taken on Clause 2, as amended, 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

Clause 2, as amended, stood part of the Bill.

Clause 3

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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

Clause 3 stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1983/84) BILL, 1985

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.

THE SUPPLEMENTARY APPROPRIATION (1985/86) BILL, 1985

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

Schedule

Schedule of Supplementary Estimates Consolidated Fund
No. 1 of 1985/86

Head 5 - Electricity Undertaking

HON J BOSSANO:

Mr Chairman, we are opposing the vote of £135,000. There are two points that I want to make. One is seeking clarification from the Government because I think this is the first time that I remember that we have used Development Aid for expenditure from the Consolidated Fund, I do not recall any previous occasion. I have always been under the impression that, in fact, it was not possible. Even when on a previous occasion Development Aid Funds were used for what was, strictly speaking, recurrent expenditure, or if it was not Development Aid Funds it was supplier finance which was being used for recurrent expenditure, it was put through the Improvement and Development Fund which was the question of the Waterport Station being manned by Hawker Siddeley personnel and when we have used consultants in relation to that, we were really dealing with recurrent expenditure but the money had to be voted from the Improvement and Development Fund and then capitalised in the accounts. I have checked the Ordinance myself and I cannot find anything there otherwise I would not be asking, I would be telling the Government what I think the law says. The law says that money provided by the UK Government by way of loan or grant for development projects has to be credited to the Improvement and Development Fund and to the extent that the £13m is money granted for development projects then it would appear to be limited by the provisions of the Public Finance (Control and Audit) Ordinance having to be used through the Improvement and Development Fund and not through the Consolidated Fund. The end result would still presumably be that it would have to be subsequently charged to the Electricity Account but then presumably instead of being charged to one financial year it would be dealt with as other expenditure has been dealt with on the basis of capitalising the cost. That has been done for running costs including fuel, for example, for one year it was then capitalised. I would like to know that this is possible because it raises, I think, an important political issue in the sense that I remember on an occasion a number of years ago when the Government after a lot of soul searching eventually asked Her Majesty's Government for money for recurrent expenditure which actually was turned down, as it happened, I think it

was the sum of £13m that the Government asked the British Government for and it was turned down and I remember they were accused by the then Opposition of doing a U-turn and all sorts of things and he was saying that they were not asking for budgetary aid, that this was a one-off thing. Clearly, this is also a one-off thing but nonetheless we are talking about money from Development Aid being used to finance what is expenditure which will form part of the recurrent budget because it is expenditure from the Consolidated Fund and it will form part of the estimates of expenditure 1985/86. I know that obviously the approval of the ODA has been obtained for the money otherwise it could not be used, I am not questioning that part of it, what I am saying is that it raises an important point of principle as far as I am concerned, given the long resistance that has been shown by the Government in the past in the House to meeting the cost of recurrent expenditure from UK aid and that the one time that they broke away from that principle it was a very exceptional occasion, I cannot remember the exact circumstances that led to it but I remember that the Chief Minister made a point that as far as they were concerned the Government was, in principle, against asking for budgetary aid, they were making an exception in this case, eventually they did not get it and I am not saying that they are doing a U-turn, I think they may have not even given thought to this aspect of the matter but it is something that struck me immediately because of the history of the controversy that has surrounded the ability to use Development Aid for anything other than development projects financed from the Improvement and Development Fund. I think, independent from that technical point but one which we feel should be cleared because we attach a certain amount of importance to it, there is the question of the actual need to spend this money because one might say: "The money is coming from UK", but of course it is coming from within an existing allocation of £13m, that is, it is not that we are getting £135,000 that we did not have, it is just that we are using part of the £13m to pay for consultants to advise the Government on a productivity scheme for the Generating Station and it is £135,000 that if it was not used for this would be available for investment in Government projects. The only thing it would not be available for is housing because the ODA so far has not allowed the Government to use money for housing. It seems very odd to me that they should not allow the Government for housing and they should allow the Government to use the money to bring consultants to advise on productivity schemes. I suppose it is their money and they tell us how to spend it. We do not believe that there is a need for a consultancy service from British Electricity International to introduce a productivity scheme for the Generating Station. We support the introduction of the scheme because, in principle, we are in favour of productivity schemes. We have reservations as to how productivity can be measured in that area because there is an obvious unquantifiable measurement of productivity

in an area where you are producing goods and if you are working in a car factory then you measure productivity by how many cars per man year you produce so the measurement is related to output as against manpower and every time one reads about increase in productivity in Leyland or anywhere else or in any other industrial enterprise, it is always measured by virtue of the fact that more cars are being produced and they say: "Well, a British car worker produces ten cars and a Japanese one produces twenty", and there is a visible and unquantifiable measurement.

HON J B PEREZ:

The time element, because you may have a particular factory producing ten cars per day and have another one producing ten cars in three days so you could measure productivity on that basis as well. I am sure the Hon Member would agree.

HON J BOSSANO:

Not really because in measuring productivity you talk about man hours or man days or man years or man weeks. For example, I can tell the Hon Member that in my recent discussions on productivity with the commercial dockyard they have drawn a distinction between productivity which is the amount of time it takes to get the job done and the time element of the turn-round of a ship. You could still have the same level of productivity and if you are running the dockyard twenty-four hours a day then in twenty-four hours you get your ship out but that is one day that the ship is out of business whereas if you are doing it on an eight-hour day then it takes you three days but you still do the job in twenty-four hours except that it has taken you three days but I think if you are measuring output in terms of the amount of units of labour that it takes to produce a unit of the sellable product then clearly there is a quantifiable I may be able to become more productive.

HON J B PEREZ:

I thought that was the reason for talking so much nonsense.

HON J BOSSANO:

To get back to the point, Mr Chairman, we do have difficulty in understanding, quite honestly, in a situation where at the end of the day what you are producing is electricity units and the number of electricity units is basically determined by demand for those units and your ability to generate electricity is determined by your generating capacity, in that situation there seems to be two limiting factors which at the end of the day nobody, as far as we can tell, can change and therefore it is possible

to organise work more efficiently given that new working routines are produced. For example, there is a situation in Waterport Power Station which I think perhaps is worth mentioning for the record because sometimes there is this hostility towards the public services and towards employment in the public sector which makes people think that perhaps the electricity that is produced in the Generating Station is produced by an army of people, well, this is not the case. The engines in Waterport Power Station are controlled by three men; one switchboard attendant, one plant operator and one plant assistant, that is all there is, three men working twenty-four hours a day, seven days a week and they produce the electricity which

HON CHIEF MINISTER:

And a supervisor.

HON J BOSSANO:

There is one PTO supervising the operation but the reality is that while we are talking here at the Generating Station there are three men engaged in the production of electricity and two men engaged on the maintenance and one supervisory, there are only six people there now producing electricity of Gibraltar.

HON CHIEF MINISTER:

And machines.

HON J BOSSANO:

And machines, so therefore the capacity of the machine limits how much you can produce. You can be a superman in productivity and you still cannot produce more electricity than the machine produces which is 4½ megawatts or whatever, and you certainly cannot put into the system more than the people are going to use. We see a limited scope in this area but we support the move towards the introduction of a productivity scheme and we support the introduction of a productivity bonus and we can see that there may be ways of organising the routine and the work pattern in the Department as a whole more efficiently but we do not think that we need to spend £135,000 or £183,000 in having somebody from UK coming here to tell us how to do it. I would have thought, Mr Chairman, that the experience that we had with the Chairman of the Steering Committee and the experience that we had with Hawker Siddeley running Waterport Station at, I think it was something like five or six times the wage cost of what it is now, on what it was from the moment our people took it over, Hawker Siddeley's costs were in the region of five or six times the labour cost that the Government

of Gibraltar is having to meet now, I would have thought that experience would make us think twice about using consultants and therefore we are voting against the measure primarily because as a matter of policy we need to be persuaded that somebody with some very exceptional qualities is coming along to tell us how to do something because we are incapable of doing it for ourselves, we do not think this is one of those cases.

HON CHIEF MINISTER:

I would just like to explain one point about the question of budgetary aid and that is the significance it has, the conditions that are attached to it that are repugnant. I would not for one moment refuse help if it was required and we could not provide it, if it was not tied to conditions and we could not get it ourselves, if it was not tied to any conditions which were not acceptable to us but the repugnancy about it is the system that when you get grant aided, you get into that kind of category of administration, then they run the whole show for you and they tell you that you have to have permission before you can buy a bicycle or a typewriter. In this case earlier in these proceedings questions were being put as to how much of the £13m had been unspent and there was mention of that. In practicality this money has not been provided by us before because we could not afford it in the budget two year's ago, it has been agreed that it should be used for this purpose, the people who are giving the money have agreed, the people who are receiving the money have agreed so that is why it has to go in one way and come out the other, it is as simple as that.

Mr Speaker put the question and on a vote being taken on Head 5 - Electricity Undertaking, 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 Hassam
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

Head 5 - Electricity Undertaking was passed.

Head 6 - Fire Service

HON J E PILCHER:

Mr Chairman, on the cost of replacing stocks of oil dispersant we will be voting, obviously, in favour of this as we have made subsequent points about the oil pollution in the Bay but there is just one thing that I would like cleared and that is the fact that it says here "a claim has been made on the ships' insurers" and that is referring to the incident involving two tankers but, surely, this extra expenditure is not only geared at the oil dispersant that has been used for that particular case seeing that there have been many cases of oil pollution one claim of which is still pending a decision and, in fact, I think the Minister at that stage told us that they were preparing a claim against either the Shell Company of Gibraltar or the MOD about the main spillage some time back in, I think, March.

HON J B PEREZ:

This particular supplementary of £5,000 only arises as a result of the collision in May, 1985, and attempts have been made to recover that amount of money.

HON J E PILCHER:

The other claim that we were told on Shell or the MOD, has that claim been submitted?

HON M K FEATHERSTONE:

The other claim has not yet been made, enquiries are still being pursued as to the persons responsible.

Head 6 - Fire Service was agreed to.

Head 8 - House of Assembly

HON CHIEF MINISTER:

Mr Chairman, I would like to point out that we have made provision here for the necessary equipment and so on but I think under your Chairmanship we shall have to have a meeting before it is implemented to see how it is going to be done, what hours and what the nature is but I undertook, in the course of correspondence with the Hon Leader of the Opposition, to make provision for that and that is the item.

HON J BOSSANO:

I do not think there is any problem in getting us to vote in favour of this item, Mr Chairman.

HON CHIEF MINISTER:

I want to say that it is subject to how we are going to broadcast.

HON J BOSSANO:

Fair enough, we understand. I think the importance that we attach to the broadcasting of the proceedings of the House is because we think it is desirable to involve people more into the proceedings of the House. I agree with the Hon and Learned the Chief Minister that something that is intended to be for the betterment of the House and the betterment of Gibraltar and for making our work more comprehensive to people outside, if we were to find that his fears at one time were to be justified, then I myself would be reluctant to carry on with the experiment, that is to say, if we suddenly forgot that we were talking to each other and were constantly conscious only of the fact that we were talking to an outside audience and that that meant that the quality of the work of the House suffered for it, then we would be better without the broadcasting and I think the Hon and Learned Member at one stage was very reluctant to follow this road because he thought that that would happen. All I can tell him is that if we were to find that that was happening he will have my full support to put it right.

HON CHIEF MINISTER:

We will wait and see.

Head 8 - House of Assembly was agreed to.

Head 10 - Income Tax

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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

Head 10 - Income Tax was passed.

Head 14 - Medical and Health Services

HON MISS M I MONTEGRIFFO:

Mr Chairman, we will be voting in favour of the overtime here but I would like to make the point that the Opposition considers that if the Government would have taken the advice which we have been giving them for nearly two years now that trainee nurses should be supernumerary to the establishment, they would not be having to spend this amount of money on overtime.

HON M K FEATHERSTONE:

No, they would be spending more in salaries and wages.

HON MISS M I MONTEGRIFFO:

But there would not be any shortages.

Head 14 - Medical and Health Services was agreed to.

HON CHIEF MINISTER:

Before we carry on. I see that the Opposition have voted against the sum of £5,200 for rent and service charges for additional accommodation required to house the Arrears Section at Leon House. Is it that they are against our being able to recover the arrears?

HON J BOSSANO:

Mr Chairman, I did not speak because I thought that I had missed my opportunity to do so not because I have any difficulty in explaining it. No, it is that we are against the Government renting accommodation and we have been every time they have sought funds to pay rent because we think that the Government is doing enough to protect landlords with the Landlord and Tenant Ordinance without as well as renting expensive accommodation from them, that is the reason.

Head 15 - Police

HON J BOSSANO:

On the Police vote, Mr Chairman, which we are supporting. I should like to make the point which I think I made the last time we had an appropriation for an additional eight policemen, I think it was, and we had a situation where we went through a budget without making provision for it and then the policemen were recruited and they were trained and they were on the street and eventually the supplementary provision came here and nobody could explain why it was that eight extra bodies were needed, I think Members of the Government will remember that. If they are needed they are needed, but it seems as if it is the only area of Government where the need seems to be instantly established and, in fact, the people are recruited and working before the money has been voted. We welcome the fact that the Government announced at question time that they had changed their mind on the employment of a Mental Welfare Officer and that the thing would be advertised very shortly, we are glad that they have done it but let's face it, the logical thing for one to think is if the problem was not having enough money then surely it is better to have eleven constables and one Mental Welfare Officer if there isn't enough money for twelve constables and one Mental Welfare Officer than to have twelve constables and no Mental Welfare Officer. The Police vote seems to have less trouble in competing for funds than other Departments do. We would like an explanation. We are going to vote in favour because we assume that the Government must see a need and we certainly want Gibraltar to be well policed and we are certainly concerned that in an open frontier situation there should be less security or more incidence of crime or whatever, so we are supporting the basic principle and we assume that they are in a better position to judge what is required than we are but we do not like the idea of a situation materialising only in this Department, apparently, where we are presented with a fait accompli whereas in other areas it seems that people are told: "No, because you cannot get it until the House of Assembly has voted the money or until budget or until whatever".

HON CHIEF MINISTER:

I am not responsible for the Police but I have now a say to some extent and these matters come up at a meeting between the Commissioner, the Governor and myself in respect of the Police vote. The point is that the Police did not start on the question of the opening of the frontier by asking for a number of people. The Commissioner felt that he had to gauge the extent to which more people were wanted before he could commit himself to employing them and naturally whilst at the beginning a lot of overtime was being paid, he was not able to make a real assessment of the extent of the necessity because he does not want to employ unnecessarily. I am quite satisfied in my own

mind and he is the only Head of Department who works to the Governor in my presence in this respect, I am quite satisfied that he took the time necessary to find out how many were required in order not to employ more people than necessary. The other aspect of it is that it is not the same as employing three or four people because the Police must be taken in batches in order to help the training and putting them on the street. Sometimes they do on the job training at the beginning but they must muster, sometimes that is why there is an element of delay in employing people because until they know how many they are it is very uneconomic to start schooling for four or five policemen now and for another four or five policemen later on. That is why the Commissioner took longer to make up his mind how many, he ultimately would require having regard to the commitments that he found and the level of overtime that he was compelled to pay the men in order to get the service he wanted. That is why we saw the other day on Parade quite a number of recruits, more than there are here, because some were on the job training until more were recruited and they all went to school and that was the Passing Out Parade we saw.

Head 15 - Police was agreed to.

Head 19 - Public Works was agreed to.

Schedule of Supplementary Estimates Consolidated Fund No. 1 of 1985/86 was passed.

Schedule of Supplementary Estimates Improvement and Development Fund No. 1 of 1985/86.

Head 101 - Housing

HON J L BALDACHINO:

On Subhead 14, Mr Chairman, we will be voting against this and we will be voting against this because we cannot have the situation where the Government is criticised by the Opposition saying that they haven't got a housing policy and the Minister for Housing comes back and in his reply says that they do have a housing policy and that is to build more houses but he hasn't got the funds. Mr Chairman, in this case we think that the priorities in that context must be wrong because if they are allocating at the moment £20,000 and the estimated cost of the project will be £150,000 to build six A2 Quarters, I think a more appropriate thing to spend that money on would be to build more houses for the people on the Housing Waiting List. We also have to take into account that in the Housing Waiting List there are still 788 tenants of the Government who are in communal tenements and they also have 120

tenants who still haven't got any bathrooms and that there are people homeless, there are people living in sub standard and in slum conditions. It is not that the Opposition is against the Government providing houses for its employees it is just a question of priorities and I think that the priority in this case lies generally in the Housing Waiting List because we have got so many people in the conditions I have mentioned and as a matter of fact we also have to take into consideration that Government Quarters are given in accordance to status within the Government and not necessarily within the needs and requirements of that family. It is also a fact, I think that we might have an officer, a certain officer, who has his own property and most probably will be getting one of these Quarters. You also have officers who have retired who have moved somewhere else and his family is still there. These are provisions that in general the people in the Housing Waiting List do not have and in the situation where we find ourselves in housing in Gibraltar, I think that if we have to build then it should be for the general Housing Waiting List and not build six A2 Quarters. I think that in this case, Mr Chairman, the Government has got its priorities wrong.

HON A J CANEPA:

Mr Chairman, it is a matter, of course, for the Opposition to conduct matters in the House as they see fit and as they wish and if they do not want to ask questions but instead want to make a speech on an item, they are quite welcome to do so. I am, frankly, prepared at any time when, particularly the Shadow Member for Housing wishes, to have a debate in the House on general housing policy, at any time, and to include in that debate the whole question of civil service Quarters or Quarters for Government employees because very often when we think about the civil servants we are in danger of thinking that we are just talking about the clericals and executives when we are talking about all Government employees, people in the Hospitals, professional people like teachers and so on. As I say, it is a matter for them how they proceed but I wonder whether before a Member from the Opposition stands up in respect of a supplementary provision and says: "We are voting against this", whether an attempt should not be made beforehand to elicit some information, to ask questions, get answers, and then if you are not satisfied with the answers and in spite of the answers that you get you disagree, by all means vote against but at least give us an opportunity to make a case if there is a case to be made. In the last few years, Mr Chairman, a number of A2 Quarters have been lost, they have been dequarterised; Woodford Cottage, Gowland's Ramp, another one at Engineer Lane, a number of them. Where it has become very costly to rehabilitate a Quarter, where we have had to spend £25,000, £30,000, £40,000, we have said: "No, we are not prepared to do this". The

Chief Justice's Quarter has gone out to development and six or eight units are going to be built there and we have said: "No, either we put the site out to tender and invite proposals for development or we have included a number of Quarters in the redevelopment of Crown Properties Scheme". We have lost a number of Quarters and we also have a commitment, whether the Hon Member agrees with it or not, the fact is that we are bound by contractual agreement with the various Staff Associations in respect of Quarters. We have an obligation to provide them with a certain number of Quarters. This morning I even discovered to my amazement that we even have an obligation to provide them with a certain number of garages and the figure is forty-five. With A2 Quarters it is the same, there should be a certain number of Quarters because we have a contractual obligation and because the service requires that senior civil servants many of which posts we wish to see taken over by Gibraltarians, should be accommodated because if they are not accommodated they will leave Gibraltar and if they leave Gibraltar we have to recruit expatriates and then whereas the Gibraltarian officer may be prepared to accept a three or four roomed Quarter, for the expatriate we may have to give him more rooms and two bathrooms as well. That is the reason for this policy which is a historical one. What we are doing, Mr Chairman, in North Pavilion, which is a building handed over by the Ministry of Defence many years ago which was a Government workers' hostel for some years, we are rehabilitating it in order to try to provide Quarters similar to those at South Pavilion and to accommodate people, in many instances who are also short of accommodation, who have given the Government valuable service and whom we hope, as a result of being accommodated, will continue to give the Government valuable service. And the cost of £150,000 for six Quarters is reasonable, at £25,000 per unit it is reasonable. If we try to build new houses for £150,000 we would probably get three units only. This is the reason behind this supplementary provision.

HON J L BALDACHINO:

I will take note of what the Hon Member has said that I should ask questions but isn't it true that 8% of every new housing project is given for Government Quarters?

HON H J ZAMMITT:

Yes, it is true, Mr Chairman, that there is a percentage of every allocation of housing to Government Quarters but if there is nothing owing or if they are above that figure then, of course, the general housing block would not suffer the loss of a new build so, in fact, the housing stock is not losing by providing these six Quarters. If, for instance, as my Hon Friend has mentioned, there has been a loss of A2 Quarters in the ones that have gone out to tender and one thing and the other and at the end

assuming that there were fifty houses to give out and taking away the pensioners, the civil service, the medical category, etc, which we can agree or disagree on the percentages, if these six are taken away it certainly means that there are six more houses to allocate to the general housing list which is beneficial at the end of the day to the housing stock.

HON J E PILCHER:

Mr Chairman, without going into the pros and cons of policy decisions on A2 Quarters, I take the point made by the Hon Mr Canepa and, in fact, the arguments put by him have convinced this side of the House that we might not agree with their policy but certainly the reason why this money is being spent is certainly accepted by this side. If there are agreements with unions that have been made and if there are contractual agreements then, obviously, the Government must honour these and therefore we will be voting in favour of the £150,000. As a second follow-up, I would like to say that at least it shows, Mr Chairman, that this side of the House does pay attention and listens and can be convinced by that side of the House which is not the same that we can say with most of the Bills that are, in fact, brought to the House and their minds have already been made up and very little that we say sways anything at all.

Head 101 - Housing was agreed to.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services was agreed to.

Schedule of Supplementary Estimates Improvement and Development Fund No. 1 of 1985/86 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.

HON J E PILCHER:

Mr Speaker, before we go on we would like to say that we are quite prepared to take in today's session the Bill

MR SPEAKER:

We have gone out of Committee already.

HON J E PILCHER:

I know, Mr Speaker, but although we have gone out of Committee what we are saying is that before we proceed any further we would like to go back into Committee Stage to consider the Ordinance to make provision in connection with the inclusion of the Kingdom of Spain and the Portuguese Republic within the European Communities which the Opposition are quite happy to take at this stage.

MR SPEAKER:

I am most grateful to the Hon Member.

HON CHIEF MINISTER:

I think the point has been made and taken.

MR SPEAKER:

I would ask the Hon Attorney-General then to move into Committee.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the European Communities (Spanish and Portuguese Accession) Bill, 1985, clause by clause.

This was agreed to and the House resolved itself into Committee.

THE EUROPEAN COMMUNITIES (SPANISH AND PORTUGUESE ACCESSION)

BILL, 1986

Clauses 1 to 3

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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

Clauses 1 to 3 stood part of the Bill.

Schedule

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 Schedule stood part of the Bill.

HON J BOSSANO:

Mr Chairman, can I just make one point in relation to the Schedule which has puzzled me. It is a point, really, that I feel the Hon and Learned Attorney-General needs to answer and that is, for example, it happens more than once but if we take the definition of Community National which is being repealed and the new definition which is substituting it, to me they appear to be identical.

HON ATTORNEY-GENERAL:

Mr Chairman, when we passed the 1985 (Amendment) Ordinance, in the Third Schedule we amended the definition of Community National and we amended it to read: "Community National means a national of a Member State of the European Economic Community being a State specified in the First Schedule or a national of the Kingdom of Spain other than a person to whom the provisions of Section 4 apply". The purpose of this amendment is to restore the definition to what it was before we amended it by the inclusion of the words "or a national of the Kingdom of Spain". With each one of these amendments in the Schedule they all concern amendments which were made in the Third Schedule to the 1985 (Amendment) Ordinance which we are repealing by taking out, quite literally, "Spain, the Kingdom of Spain, a national of the Kingdom of Spain".

The Long Title

Mr Speaker put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 Long Title stood part of the Bill.

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Traffic (Amendment) Bill, 1985; the Administration of Estates (Amendment) Bill, 1985, with amendments; the Misuse of Drugs (Amendment) Bill, 1985; the Landlord and Tenant (Amendment) (No. 3) Bill, 1985, with amendments; the Gaming Tax (Amendment) Bill, 1985, with amendments; the Income Tax (Amendment) (No. 2) Bill, 1985, with amendments; the Supplementary

Appropriation (1983/84) Bill, 1985; the Supplementary Appropriation (1985/86) Bill, 1985; and the European Communities (Spanish and Portuguese Accession) Bill, 1985, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker put the question and on a vote being taken on the Administration of Estates (Amendment) Bill, 1985; the Misuse of Drugs (Amendment) Bill, 1985; the Gaming Tax (Amendment) Bill, 1985; and the Supplementary Appropriation (1983/84) Bill, 1985, the question was resolved in the affirmative.

Mr Speaker put the question and on a vote being taken on the European Communities (Spanish and Portuguese Accession) Bill, 1985; the Traffic (Amendment) Bill, 1985; the Landlord and Tenant (Amendment) (No. 3) Bill, 1985; and the Income tax (Amendment) (No. 2) Bill, 1985, 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

Mr Speaker put the question and on a vote being taken on the Supplementary Appropriation (1985/86) Bill, 1985, 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

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON M A FEETHAM:

Sir, I beg to move that: "This House - (1) Notes the statement by the Minister for Labour and Social Security on the 26th March, 1985, that during February and March this year there was an increase in employment of 700 people; (2) Notes the result of the April, 1985, Employment Survey now presented by the Minister which shows that full-time employment between October, 1984, and April, 1985, has decreased by 80; (3) Calls on the Minister to apologise to the House for providing misleading and erroneous statistics at Budget time". Mr Speaker, this is one of those motions which are pretty well self explanatory and I am sure that the House is aware of what was said in March in response to a number of questions which were put by my Colleague, the Leader of the Opposition, in relation to employment. For the record we are, at this stage, not predicting how much unemployment or employment there is going to be or not going to be, that is not the purpose of this motion. But as far as we are concerned there isn't enough or sufficient information available to us for us to make any projections. What we are saying in the motion is that the projection made by the Minister that there was an increase in employment of 700 during the months of February and March this year extra to the employment in GSL, was incorrect and, in fact, we challenged this because we thought, and I think quite correctly, that it was pie in the sky and since we challenged it at the time and he appeared to be so adamant about his statement, he could have used the rest of the session of the House to come up with more clarification and with more detail which he didn't. What he cannot do now, six months after the statement, is to produce an Employment Survey which makes no mention on what he said and which does not produce the picture which would support the statement of the Minister. Why we have brought the motion is because there is an important element especially during Budget time that the Minister and, indeed, the Government provides accurate statistics so that the Opposition can make an accurate assessment and the Opposition can make a useful contribution especially in important sessions like the Budget. Mr Speaker, we say this because it is

difficult enough not to have available to us sufficient information without the Minister coming to the House with erroneous and misleading statistics because it does not do justice not only to the House but, in fact, to the Government because it is only a matter of time before the situation develops where we get a different picture and this sort of motion which is totally unnecessary is brought to the House and the Minister himself is responsible for this being done and, Mr Speaker, what I would like to see is what the Minister has to say.

Mr Speaker proposed the question in the terms of the motion as moved by the Hon M A Feetham.

HON DR R G VALARINO:

Mr Speaker, Sir, I deplore the motion and the way it has been presented for a variety of reasons. In the first place, subsequent to the meeting of the 26th March, 1985, I clarified the position in an exchange of correspondence with the Mover of the motion. I quote from a letter which I wrote to him on 15th May: "Dear Michael, Thank you for your letter of the 6th May. The information I gave to the House was based on the following:- (a) that 500 vacancies had been filled by the Department of Labour and Social Security during the first three months of a fully opened frontier, (b) that it was reasonable to estimate that a further 200 vacancies had been filled directly by employers without the Department's intervention. The figure of 500 is based on actual statistics kept by the Department and although not all vacancies filled are in respect of new jobs because some may relate to changes of employment or filling of vacancies created by retirement, etc, there is no doubt that most are in respect of new jobs. Unfortunately, the way the Department has kept its records up to now does not enable it to provide a breakdown of vacancies filled in the manner you have requested. However, following a request from the Leader of the Opposition, the system has been changed and a breakdown of vacancies filled by trade and industry will be available from the end of the current year. As regards the number of vacancies filled by employees directly, the estimate of 200 is possibly on the conservative side. In the normal course of events people are recruited directly by employers if they are Gibraltarians or other EEC Nationals. It is only when they find difficulty in recruiting that employers notify the Labour Department. According to information published by the Department of Employment in the United Kingdom, only about one-third of vacancies filled there are notified to the Job Centre". This was on the 15th May in answer to his letter and, in fact, we did further correspond on the 22nd May when he asked: "Can you therefore assist by being more specific as requested in my letter of the 6th May as to the 500 vacancies?" and I said: "I regret but at this point it is practically impossible". Further to my statement I corresponded with the Hon Member.

HON J BOSSANO:

Mr Speaker, isn't that the same thing as he said in the House? What is the difference?

HON DR R G VALARINO:

Perhaps I should have made the clarification public at a subsequent meeting of the House but I would have expected that the Mover would have brought this clarification to the notice of his colleagues at the time this letter was written.

HON J BOSSANO:

What is the clarification, Mr Speaker, we still haven't had any clarification? I have just heard the Minister read out a letter which says exactly the same thing as he said to me which I have got here in Hansard and if I read this, Members will see that I am reading the same as he has got in his letter. Where is the clarification?

HON DR R G VALARINO:

Mr Speaker, do I sit or does he because I haven't given way?

HON J BOSSANO:

Mr Speaker, if the Hon Member wants to speak this early so that he doesn't have to answer the motion, it seems to me that that is what he is doing, he is refusing to give way so that he can then sit down and not talk again.

HON DR R G VALARINO:

I will give way.

HON J BOSSANO:

The Hon Member has said that the motion should not have been brought to the House because he wrote a letter in May which he has just read and which he says that the rest of the Opposition hasn't seen and that is why we do not know about it but the letter that he has just read says that the explanation is that 500 people were found employment by the Labour Exchange and that is exactly what he said in Hansard. He said here: "If we take the number of 500 people in January and February I think we could easily add another 200 people to that figure which were the 200 people who do not get employed through the Labour Exchange", which is exactly what he is saying now. We are saying this is inaccurate, we are waiting for the explanation. What he has just given is not the explanation, it is a repetition.

HON DR R G VALARINO:

Mr Speaker, I am speaking from the very beginning and I am speaking historically but I would like to reiterate one paragraph which I have read before: "The figure of 500 is based on actual statistics kept by the Department and although not all vacancies filled are in respect of new jobs because some may relate to changes of employment or filling of vacancies created by retirement, etc, there is no doubt that most are in respect of new jobs". The motion is particularly deplorable because it takes entirely out of context one figure in one Table of the Employment Survey without regard for the remainder of the contents of the Survey. If that is not erroneous and deliberately designed to mislead the House, I don't know what is. Allow me to amplify, Mr Speaker. The motion makes reference to the fact that according to the Survey, full-time employment between October, 1984, and April, 1985, has decreased by 80. This figure is apparently arrived at by deducting the totals in the column of Table 1 relating to full-time employment only. It totally disregards part-time employment which is employment also. When I talk about employment figures in this House I normally refer to employment in all its forms unless I say the contrary. A comparison of the figures of total employment between the October, 1984, and April, 1985 Surveys shows an increase of nearly 200. The figures shown in the Employment Survey are based on the response to questionnaires sent to employers by the Statistics Department. I understand that the response to the questionnaires is of the order of 85% so that the resultant figures cannot be as accurate as the actual labour and insurance statistics kept at the Department of Labour and Social Security. I will give just one example to highlight this discrepancy. The Employment Survey for October, 1984, shows a total of persons in employment of 11,115. DLSS statistics for December, 1984, based on the return of insurance cards, show a total of 11,376 which represents a difference of 263. To that must be added a total of 809 cards which were not returned on the due date and although some of these jobs may no longer have existed by that date, it is safe to assume from past experience that at least half of them did. That would show a discrepancy between the figures shown in the October, 1984 Employment Survey and the December, 1984 DLSS returns of over 660.

HON M A FEETHAM:

Will the Hon Member give way?

MR SPEAKER:

You have the right to speak in due course.

HON DR R G VALARINO:

And is ample illustration, in my view, of the fact that the figures shown in the Employment Survey are not entirely accurate and can only be regarded as showing trends. Let me now turn to that part of the report which has a bearing on the substance of the motion and which the Mover has so conveniently omitted to refer to. The main employment trends during the six-monthly period covered by the report are summarised in paragraph 2 and I quote: "At the time of writing this report, the indications are of a continuing rise in employment trends. To date, more persons have been employed in the commercial yard. There has been a noticeable increase in the number of new company registrations. The job vacancy level remains high. The October, 1985 Survey should therefore provide a more complete and stabilised picture of the impact of dockyard commercialisation and frontier normalisation". Mr Speaker, Sir, it is a well known fact that figures and statistics can be interpreted in many different ways to suit different needs. The only reasonably accurate way of determining changes in the level of employment is through the records of insurance cards which are returned to the Department once a year. It is only after the records are returned at the end of this year that it will be possible to state with any certainty to what extent the level of employment has increased. Mr Speaker, the motion calls on me to apologise to the House. In view of what I have said, I feel that there is no need for an apology and I do not propose to give one. However, I think the boot is on the other foot and it is for the Mover of the motion to apologise to the House for wasting its valuable time in bringing before it a motion of such little substance on a matter which I had, in all good faith, clarified with him by correspondence many months ago. There is nothing about the motion which is constructive and I can only surmise that it has been brought before this House in order to give the Mover the opportunity to play political theatricals.

HON J BOSSANO:

Mr Speaker, I am tempted to move an amendment to my colleague's motion censuring the Minister and then we can have a division and we can see whether other Ministers in the Government support the complete nonsense that the Minister for Labour has just presented the House with. I think the motion brought by the Opposition on this issue was put in a language which stops short of censuring the Minister for Labour but sought to impress upon the Minister for Labour that the House of assembly and the performance of the economy of Gibraltar and the statements made by the Government at Budget time are things that are not to be taken lightly. I do not think the Minister understands half of the things he says, never mind being able to explain to the rest of us. I think he is in a state of confusion permanently in this House of Assembly. I don't

know what he is like when he leaves the House of Assembly but here he spends seven out of the eight hours in a state of confusion and he doesn't have the right to try to confuse the rest of us. The Minister, when I questioned his figures at Budget time this year, Mr Speaker, almost accused me of not wanting people to be employed. I said to him: "Are the 700 people that he claims to have been employed in February and March inclusive of the 500 in the commercial dockyard or are they in addition to the 500 in the commercial dockyard?" And his reply was: "No, Mr Speaker, much to his chagrin they are not part of the 700". And I said: "Well, all I am trying to do is establish a fact". And he said: "You are not trying to establish a fact, you are trying to confuse the facts". That is what he accused me of in the Budget, that I was trying to confuse the facts. All that we are doing is telling him that he was then confusing the House. Is he still saying that the 700 people that he mentioned did not include the 500 in GSL, is he still saying that today? He is saying that in January and February and March 1,200 became employed in Gibraltar; 500 in GSL and 700 outside GSL? He is saying that he is responsible for tabling in the House of Assembly an Employment Survey which according to the Government's Statistician for whose accuracy with statistics I have got a much greater respect than I have for the Minister's, let me say, he is saying that this which according to the Government's Statistician is what the Government uses for projecting its assessment of economic performance, is not accurate. Doesn't he understand that in the explanation that he has given that there is a discrepancy between insurance cards and the labour results, that the same discrepancy existed in April and in October and that therefore if you are comparing the Survey of October with the Survey of April it does not matter how many insurance cards there are because if there were 500 more insurance cards than in the labour returns in April, there were 500 more insurance cards in the labour returns in the previous October unless he is telling us that for some peculiar reason there were now hundreds of people insuring who are not being reflected in the Survey but if the discrepancy is there it has been there in every Survey since the first Survey was done in 1972 and everybody has known it in the Labour Department and in the Statistics and it is a matter that I have raised a number of times in the Manpower Planning Committee of which he is the Chairman, the discrepancy between these figures and the other figures, but it isn't something that happened this April for the first time ever so that does not explain the difference. The reality of it is that the Minister had something prepared for him which he didn't understand, which is quite a common occurrence and which looked quite attractive and he thought he was on to a good wicket because he was saying to us in the last House of Assembly that, in fact, the 700 was nearly the 1,000 he had predicted for the whole year. Do I quote the page and the sentence? Mr Speaker, I will get the exact wording, he said: "I am sure that the figure of 1,000 which I said we would

be able to recruit in a year will be so, in fact, I am afraid that the figure will be more than 1,000 because I am at this very moment running out of labour". And then I asked him: "Mr Speaker, are the 500 in the commercial dockyard included in the 700?" And he came back saying that it wasn't, that it was 700 plus 500 and then he went on to say that we were trying to confuse the facts and that, in fact, he had just been asked to provide 450 workers and that he didn't know where he was going to get the 450 workers from and that he welcomed the assistance of the Opposition in producing 450 workers for him and that he looked forward to come in the following budget and being able to report an even better state of affairs, that is how he finished his contribution. He was telling us he had got 700 people employed in two months of which 500 had been employed by the Labour Exchange and 200 had been employed without going to the Labour Exchange and then he tells us that these are accurate statistics. I remember we had an exchange where the Chief Minister was saying that he had not said that it had to do with the insurance cards and if the Chief Minister looks at page 135 of Hansard he will find that I was correct in what I had said. The Chief Minister said they were not statistics and the Minister for Labour said and has said today: "These are statistics". Those were the words of the Hon Minister for Labour and the words of the Chief Minister were: "There were not statistics". That is what page 135 says if the Hon and Learned Member cares to read it. The motion was intended purely to make the Minister understand that it is really not the done thing particularly at Budget time, Mr Speaker, particularly when you are talking about jobs and particularly when you are talking about economic performance and he has got an important Ministry in Gibraltar. Labour happens to be one of the most crucial areas in the current changes that Gibraltar is going through.

HON A J CANEPA:

Your former colleagues used to say, when they were in Government, that labour was the economy.

HON J BOSSANO:

I can tell you that certainly the prosperity of Gibraltar will depend on Gibraltar's workforce and on nothing else, that is the only source of wealth that Gibraltar has got, the skills of its people, it has nothing else and we can only earn a living in the world by providing a service to the rest of the world by the skills of our people and therefore the extent to which we have full employment is a welcome thing, nobody questions that, but to bring to this House of Assembly a statement during the course of a Budget and tell the House that 700 people had been employed in two months, that is 350 people a month, and that that trend is continuing, that is 3,600 people a year. We would be employing the whole of Andalusia

before the seven year transitional period was over. Instead of having two million visitors a year we will have two million workers a year at this rate. This is astronomical, Mr Speaker, and it should have been obvious that it was nonsense at the time and the Minister should have had the good grace there and then at the Budget, to come back and say: "I got the figures wrong, I am sorry" because it has happened before, anybody can make a mistake but I think what we cannot allow is that if somebody makes a genuine mistake on top of that they try and ram it down your throat and tell you that they are right and you are wrong because we do our work and we spend a lot of hours doing our work. It is very easy to be a Member of the Opposition and not have the responsibility of a Ministry and just turn up here in June and turn up here in November. We try to do a more conscientious job and we spend a lot of time reading the Employment Surveys, we read all the Government Reports, we have meetings and discuss ourselves how the economy is going. We feel if we are going to be critical of the Government, we need to be critical because we have got our facts right. If we make a mistake, fine, we will apologise to the Government and say: "We got it wrong on that occasion" but what we cannot do is, the Minister now turns round and says to us that he wrote a letter to my colleague in which he said that the explanation why he said that 500 people had been employed was because 500 people had been employed and the reason why he said there were 700 was because he had said that 200 were employed outside the Labour Exchange so he puts in the letter exactly what he said in the House and he says he cannot understand how that doesn't clarify it. Well, because he can keep on saying that 700 people were employed in those two months till the cows come home and they are visibly not there. When I spoke after him, Mr Speaker, I said that there were two people in the House who would certainly want to know where his 700 employees were, the Financial Secretary because there was no reflection of it in the estimates of income tax and me because there was no reflection in the union records and I said: "There are 700 potential customers adrift there" and I told him where I thought he was making a mistake at the time, it seemed obvious to me. He said that "Not all the 500 are new jobs". Well, it is more than that, it is what I told him then, Mr Speaker. I can tell the Hon Member that his Department has been employing 160 people a month but employment has not gone up by 160 people a month because I can tell him that I know people who have changed in three construction firms in the last six months. There were people who were working in the Library Street site who left the Library Street site who went to work for Lilley Construction and who are now working down at the Marina and they have been recorded three times because each new employer has been given a new work permit. If you have got a situation as you have in the construction industry where there were 400 people last October and there were 400 people in April and those 400 people have changed jobs, it doesn't mean employment has gone up by 800 people. It is wrong,

Mr Speaker, particularly in a Budget it is wrong because if we thought at the time that these figures were accurate we would have launched an attack on the Financial Secretary and told him: "You cannot expect £21m at the end of the year if employment is increasing at the rate of 700 people in two months, you should put another £3m in your estimates for income Tax". I think, quite frankly, the Minister is not taking us as seriously as we are trying to take him. Either he stops quoting figures he does not understand or he makes sure that the civil servants who prepare them for him explain it to him sufficiently carefully so that he does not get himself in a twist.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I think that there is a bit of confusion. The Minister has now made it clear that when he talked about the new jobs on the 26th March he has clarified in the letter that within those new jobs there were possibly other changes of employment, he has given that explanation. He clarified in his letter to the Hon Mr Feetham that he also includes the element of part-time employment counting as employment because he says in his letter, I think, something like "unless I say it otherwise, new employment also means part-time and full-time employment". I think then the figures are not as different as they are made out to be. I think where possibly the Minister has gone wrong is in mixing the Gibraltar Shiprepair yard 500 figure and the 700 figure that he claimed between February and March. I think I will grant you that the Minister probably got confused over that but that there could possibly have been around 700 jobs because of the element of part-time employment and full-time employment, there could be that. I think, with the opening of the frontier, a lot of part-time employment was created because people were not sure how it was going to develop and I think that even though the figure of October, 1984, and April, 1985 is quoted and you show a decrease, if you look at April, 1984, to April, 1985, there is an overall increase in employment. I think if the Hon Member will do that I think it is correct. That is all I would like to say.

HON A J CANEPA:

Mr Speaker, the Hon Mover of the motion early on in his intervention spoke about the Minister for Labour producing the Employment Survey.

HON M A FEETHAM:

No, it was tabled by the Minister.

HON A J CANEPA:

The Minister has nothing to do with the compilation of the Report, in fact, his Department have nothing to do with it either. The correspondence between the Minister and the Hon Mr Feetham took place between May and the end of June this year well before the publication of the Employment Survey Report. At that time the Hon Mr Feetham had nothing very much to go on, he had nothing very concrete, he had no figures before him to go on other than his gut feeling that the Minister was getting it wrong. He felt that his assessment of the situation, his analysis of what was happening in the employment situation in Gibraltar, was not borne out by the figures that the Minister had quoted during the Budget session. He exchanged correspondence with the Minister in which the Minister attempted to clarify what he was saying, the figures that he had given in the House. Where I think the Hon Mr Feetham has gone wrong in bringing the motion to the House is that once the Employment Survey Report was available to him because it was circulated to him prior to it being tabled in the House, I think that he should have invited the Minister in writing, if necessary, in the light as he saw it he should have made the contention that he has made in the motion which in the event is not totally accurate because it is a loss of 80 full-time jobs but the overall situation is better, he should have invited the Minister at this meeting of the House, at the first meeting of the House after the publication of the Employment Survey Report to make a statement clarifying the position. Invariably the practice here in the House is that if one gives information and later on it is brought to one's notice either by a Member of the Opposition or when one goes back to the Department and checks, if it is brought to one's notice that the information that one has given is erroneous it is the practice and it is the proper parliamentary practice to come and give the right information to the House, in other words, to put the record straight and in doing so one naturally says: "I am sorry that I misled the House". You can take that as an apology but I will explain in a moment what I really understand to be an apology in the context of its inclusion in the motion moved by the Hon Mr Feetham. I think he should have written to the Minister inviting him to put the record straight. If the Minister refused to make a statement in the House of clarification in the light of the statistics available in the Employment Survey Report and let it not be forgotten, Mr Speaker, that not all employers return the questionnaires and therefore the Minister is right when he says that it is only when at the end of one year and the beginning of the other, it is only when insurance cards are returned and new ones are issued that you can be more sure as to what the employment situation is. I say more sure because there may be a small number of employers who are breaking the law in employing people without payment of insurance but those must be a very small minority and I think the number of insurance cards in issue at

the beginning of the year or shortly after because it takes some time, is perhaps the most accurate yardstick that we have. The Minister, I think, should have been invited at this meeting to put the record straight. If he refused to do so I would say then that the Hon Mr Feetham was not only entitled to bring the motion that he has brought but as the Hon the Leader of the Opposition has said, could have gone even further and introduce a motion of censure which in a way it is because it is not an apology to say: "I am sorry, Mr Speaker, that I misled Hon Members this morning when I gave such and such a figure, it was wrong, it should have been so and so". That is different. When a motion is circulated and made public in the way that it has, the Minister is being put in the dock and an apology then is a different matter altogether, in my view. The Minister made the point that statistics can be used and can be twisted to achieve any purpose. I am going to bring a matter which is not totally germane to the motion in that it has to do with education and not with labour but I will allow, if he so wishes, the Hon Mr Mor, the Shadow Minister for Education, I will give way to him and give him an opportunity to clarify the matter. The other day, Mr Speaker, the Chief Minister and I were told by the delegation of Members of Parliament that the Hon Mr Mor had told them, I hope they got this right, that only 20% of students in Gibraltar studying their 'A' levels get scholarships. Is that correct, did he say that?

HON R MOR:

I have not made a statement in the House of Assembly.

HON A J CANEPA:

I know but I wish to elucidate the point as to how statistics can be used and I am aware that it has been reported to us that he has made such a statement and by an important group of people who come to Gibraltar for very important reasons and we do not want them to go away with the wrong impression.

HON R MOR:

I was asked how many students got scholarships and I said I did not have all the information, I supposed it could well be round about 20%.

HON A J CANEPA:

20% of what? 20% of Sixth Formers? 20% of those who are studying for 'A' levels?

MR SPEAKER:

I am afraid I must now allow cross examination.

HON A J CANEPA:

Right, Mr Speaker, but I will make the point that that information is erroneous. I am not going to ask him to apologise because to tell visiting Members of Parliament that that is the case when that is erroneous and it is erroneous because he has included in his figures the Lower Sixth and the Upper Sixth and anybody who is in the Lower Sixth, over 100 students in the Lower Sixth are not eligible for a scholarship in the year in which they are in the Lower Sixth, they only become eligible when they are in the Upper Sixth and there are not, Mr Speaker, in Gibraltar over 200 students in the Upper Sixth even if we take the Boys' Comprehensive and the Girls' Comprehensive Schools together, there are not 200 students in the Upper Sixth and 20% of 200 is 40. I think I have made the point.

HON M A FEETHAM:

What is the point?

HON A J CANEPA:

That misleading and erroneous statistics were given to prove the point that he has been making here about the inadequacy of the scholarships system, that is the point.

HON J BOSSANO:

We have got a motion in the House of Assembly because a Minister of the Government gave the House of Assembly information at Budget time. If I were to bring motions to the House of all the private statistics that Members on that side quote, we would be here till the middle of next week and have insufficient time. We are talking about a statement recorded in Hansard, challenged at the time, with the rest of the Budget session giving the Minister an opportunity to go back and check and it is not the first time that a statement by the Government at Budget time has been challenged and in the course of the meeting the Minister has come back and said: "I got it wrong". The Minister has stood up today and still continues to defend what he said in April. The Minister is saying today that he did not mislead the House when he said that 700 people had been found employment in two months. The Minister has not said that, other Ministers have said he may not have included the 500 from GSL. It is an attempt to introduce a totally misleading and diversionary tactic by the Minister for Economic Development who should know better to say that my colleague, in passing, might have told MP's that about 20% of the age group go to university. Whether 20% is high or low depends on how many in other places go, maybe only 10% go in UK.

HON DR R G VALARINO:

I said in the last paragraph, after I wrote the letter: "Perhaps I should have made the clarification public at the subsequent meeting of the House but I would have expected the Mover to have brought the clarification to the notice of his colleagues at the time the letter was written".

HON J BOSSANO:

But what is the clarification?

MR SPEAKER:

We will leave it at that.

HON A J CANEPA:

Mr Speaker, I have the floor. I have no doubt in my mind, Mr Speaker, that proper parliamentary practice, I am prepared to have proper parliamentary practice and not introduce in this House the kind of statements that have been made privately by the Hon Mr Mor to Members of Parliament. I would accept that there is no need to bring up the matter in the House but neither is there any need for the Hon Mr Feetham a few days after the Employment Survey Report has been published and without warning the Minister and telling the Minister: "In my view you have got it wrong, Reggie, you made a mistake. Now be man enough to stand up in the House of Assembly and admit that you have got it wrong". That is what the Hon Mr Feetham should have done and then if the Hon Dr Valarino was convinced and saw that he had got it wrong and was not man enough to stand in the House and explain and make a statement of clarification and give the House an apology, then I think this sort of motion was perfectly in order but I think that it isn't in order and it isn't in the best principles of parliamentary practice. An apology presupposes that it was a deliberate act on the part of the Minister to mislead the House and if it was not a deliberate act then it is not worthy of this kind of motion which is tantamount to a motion of censure unless he has been given an opportunity in writing or verbally by being warned and being invited to retract the statement that he made, that is what the Hon Mr Feetham should have done.

HON R MOR:

Mr Speaker, just a point of clarification on what the Hon Mr Canepa has accused me of trying to mislead Members of Parliament. I am quite prepared to give way to him and ask him whether 20% of the age group

MR SPEAKER:

We are not going to argue the point. You can most certainly explain the circumstances and say what you like on the matter but we are not going to argue as to the accuracy of your statement.

HON R MOR:

But, Mr Speaker, I was not making an official statement. As regards the motion, Mr Speaker, I think the important thing is whether the Hon Minister for Labour and Social Security actually misled the House with those figures. Whether there was any attempt from this side of the House to get him to make another statement correcting his original statement is irrelevant as far as the motion is concerned. Our concern on this side of the House is that the Member has issued inaccurate information to this House and it calls for the Minister to apologise.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, my colleague the Leader of the Opposition has extended in supporting the motion much of what I would have said in response to the Hon Minister for Labour but he seems to make a great deal about this letter that I wrote to him. The fact is, Mr Speaker, that he maintained a view during Budget time which was challenged by this side of the House, particularly by my colleague the Leader of the Opposition and we made a lot of play about the way things should be handled and I will obviously reply to what the Hon Minister for Economic Development has said, but he went a little bit further much to the annoyance of my colleague the Leader of the Opposition when we challenged those figures as if, Mr Speaker, my colleague was against people taking jobs in Gibraltar, as if my colleague is against increased employment in Gibraltar. That is the impression he was creating during Budget time: "Here we are, 700 new jobs in Gibraltar surplus to GSL and Bossano across the way does not like it", that is the impression he was giving in this House and, of course, since we, obviously, who are certainly in that area in our professional outlook in terms of trade unionism and in terms of our background as socialists, labour is an area where we are certainly better informed as, for example, the Hon Chief Minister is in the legal affairs, this is a matter where one is more specialised. When we challenge a thing like that, when we challenge a statement of the Minister at Budget time in relation to labour, I think that nine times out of ten we are

correct in what we are saying. What did I do after that particular meeting? I wrote a letter to the Minister and said: "Give me a breakdown". I haven't even got the letter here but I challenged what he was saying and I said: "Give us a breakdown of these 700 extra jobs by industry and so forth", seeking information. What did the Hon Minister for Labour do? He wrote back saying exactly the same thing that he had said in the House. So there was a second challenge there and a second opportunity for him to rectify it and, of course, since we are talking about procedures, since we are talking about taking matters up again, they are in a better position than we are to see and project and to see what the trends are between what he said in March and what has been happening since especially since after my letter to the Minister. If he had been doing his job he probably would have seen that what he said was not correct and, of course, since he repeated to me what he said in the House I, obviously, like anybody else from the Opposition who have got limited information available, waited until the Employment Survey Report was tabled in the House and, of course, I got an advance copy and it confirmed that in fact what the Minister had said in the House and what he had said to me in writing did not tally with the information which is as accurately as possible produced by a Government Department, in fact, it shows that we were right in what we were saying then. It is a matter of opinion whether we bring a motion to the House or we do not bring a motion to the House. I am not going to dwell on whether I should have five minutes before this House, said to him: "You have gone wrong, you should apologise". As far as I am concerned I have not brought a censure motion to the House. If the Opposition were to bring a censure motion to the House not only would we say so but it would be definitely on something of such fundamental importance as to warrant a censure. What we are saying is that in view of the attitude of the Minister, in view of his confirmation that, in fact, he ought to apologise because he was wrong and I think we are entitled in the House to seek that apology. When the Hon Minister in the Ante Room asked me: "Are you going to dwell very long?" I said: "No, it is going to be two or three minutes because I think that this has to be said and it is up to you". I was trying, Mr Speaker, to give the motion the importance that was required but I was not giving an impression of animosity or, indeed, of hostility which is not the attitude the Hon Member has taken in answering my motion. Let me now inform the Hon Minister, if he really wants some information, that full-time employment for this period has gone down in Gibraltar. If he wants to know a little bit more about figures the overall figure for full-time employment has gone down in Gibraltar and the trend has been in part-time employment. That is where the trend has been in real terms unless, of course, in looking through all the insurance cards and all the cards which have been moved about to justify what is not justifiable, we find that since March we have actually lost, we had

an increase in January and February of 700 jobs and we lost them since and it squares up with the figures that the Minister has quoted. That is a fact, these are things that we are very well aware of and things which are very close to our hearts. Whether the Minister wishes or not wishes to apologise to the House, of course, is his prerogative and no doubt with the Government majority there is very little prospect of this motion going through, anyway, but there is a fundamental point finally that I want to make in defence of my motion and that is, first, he gets his figures right; secondly, we in the Opposition especially in an important session such as Budget time, need to have as much accurate information as possible so that we can make a fair assessment of the Budget and, indeed, assist Government in the Budget debate because that is what we try to do from this side of the House. That is all I have to say, Mr Speaker.

Mr Speaker then put the question in the terms of the Hon M A Feetham's motion 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 M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon H J Zammitt

The following Hon Member abstained:

The Hon Dr R G Valarino

The following Hon Members were absent from the Chamber:

The Hon E Thistlethwaite
The Hon B Traynor

There being an equality of votes for and against, the motion was accordingly lost.

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I now move that the House should adjourn sine die.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned sine die.

The adjournment of the House sine die was taken at 8.50 pm on Thursday the 28th November, 1985.