

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. Wishfull thinking, Mr Speaker, wishfull 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 operator 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 <sup>mean</sup> 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.