

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

19TH OCTOBER, 1987

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Eighteenth Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Monday the 19th October, 1987, at 10.30 am.

PRESENT:

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

GOVERNMENT:

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

OPPOSITION:

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

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 6th July, 1987, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Minister for Economic Development and Trade laid on the table the following document:

The Gibraltar Register of Building Societies Annual Report, 1986.

Ordered to lie.

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

The Housing Allocation Scheme (Revised 1987)

Ordered to lie.

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

The Hotel Occupancy Survey, 1986.

Ordered to lie.

The Hon the Minister for Labour and Social Security laid on the table the following document:

The Employment Survey Report, April 1987.

Ordered to lie.

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

- (1) The Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1986, together with the Report of the Principal Auditor thereon.
- (2) The Accounts of the Gibraltar Museum for the period ending on the 31st March, 1987, together with the Chairman's Report thereon.
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.9 of 1986/87)
- (4) Schedule of Supplementary Estimates No.2 of 1987/88.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.05 pm.

The House resumed at 3.25 pm.

Answers to Questions continued.

The House recessed at 5.15 pm.

The House resumed at 5.45 pm.

Answers to Questions continued.

The House recessed at 8.15 pm.

TUESDAY THE 20TH OCTOBER, 1987

The House resumed at 10.55 am.

Answers to Questions continued.

MOTIONS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I move that: "This House takes note of the Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1986". Mr Speaker, in moving this motion I feel rather like the poet Keats, on sitting down or rather standing up, to read King Lear once again and once more to assay what he described as "This fierce dispute betwixt damnation and impassioned clay". However, as it falls to me to make bricks if not poetry out of impassioned clay, I will begin with the straws contained in the Annual Report and Accounts for 1986 and the Principal Auditor's Report thereon, although I do not propose to say a great deal about the latter's comments; these being of an incidental nature, and not perhaps germane to the question of the company's future viability which will be the main thrust of my contribution to this debate. I will also provide the House with some further information in response to the Questions which were asked by Members of the Opposition yesterday. It may be helpful if I take as a reference point the various projections in the 1983 Project Study of the proposed commercial dockyard, prepared by A & P Appledore, as Hon Members are familiar with this, and make some comparisons between the forecast for the second year of operations contained therein and the accounts for 1986 now laid before the House. In the second year of operation A & P Appledore forecast a loss before tax of £2.3m compared with a loss of £3.3m reported by the company for 1986. The 1983 projections were for sales of £9.8m and the company in fact achieved sales of £12m. The reasons why the company achieved higher sales, though with a smaller workforce, will repay closer analysis which I hope to attempt to give. I must emphasise that in all these matters I am, of course, dependent on information which has been given to me by the company. I have circulated to Hon Members a note providing the best analysis I have been able to make with assistance from the company of the variances between the original forecast and the results achieved. There are some difficulties in making such a comparison because of a large number of changes in definition and some considerable areas of doubt but I think it is a reasonably fair comparison given that qualification. The different mix of sales comprising RFA and MOD-related on the one hand and commercial work on the other, is fairly straightforward but very little else is quite so straightforward. The company's cost structure has, in the event, been quite different from that proposed at the time the 1983 projections were made. A & P Appledore assumed £12.4m for cost-of-sales in the second year making a net figure of £11.7m. The actual result for 1986 reveal

a cost-of-sales figure of £17.5m less £1.7m work-in-progress and capitalised work making a total of £15.8m net. If Hon Members were to look at page 6 of the company's accounts and add the figures of cost-of-sales and administration together, they will arrive at £15.8m in round terms, the work-in-progress and capitalised element having been lifted from the profit and loss account and charged to capital in the balance sheet. Of course, the depreciation charge is also higher than originally assumed partly as a result of this and for other reasons. In the company's accounts there is a figure of £0.5m called 'Overheads Recovery' which must be netted against the cost-of-sales figure before arriving at the net loss of £3.3m. I will deal in some more detail with the cost-of-sales figures, including manpower, administration and other costs because the accounts themselves are insufficiently informative. In the notes to the accounts, that is on page 11, under Note 7, the total number of employees is given as 817 on the balance sheet date and the total costs incurred in respect of all employees is given as £7.6m or £7.7m including Directors' remuneration. Bearing in mind that the APA project study in 1983 assumed a workforce of 910 employees in the second year, a hundred more in round figures, with total manpower costs of £7.3m, the unwary might be led into thinking that the achievement of sales at a higher level than originally assumed was a pretty remarkable achievement. And bearing in mind that wage and salary increases since 1984 have been greater than originally assumed, they might argue that this showed that the workforce had earned those increases through higher productivity, a superior sales to labour ratio than Brian Abbott had thought possible. Unfortunately that figure of £7.3m does not tell the whole story. As a measure of total manpower input relative to output, that is, relative to sales income, the figure of £7.7m is misleading. It does not include subcontracted labour amounting to approximately £3m which is included in the cost-of-sales figure on page 6 of the company's accounts. I am assured that the figure of £10.3m which I have shown in the note I have circulated to Hon Members, should be compared with the original Appledore projection of manpower costs for the second year of operation to produce a reasonable comparison. The APA assumptions about subcontracting work were not entirely clear from their projections. A total of £1.4m was assumed for labour and subcontract works and a further assumption was made in the project study that subcontract work would be about 5% of sales which would mean about £3m relative to the sales figure for 1986. In other words, their assumption is substantially less than has, in fact, been the case. Hence the original forecast for subcontract, labour and materials of £1.4m becomes one of approximately £4.2m or thereabouts. To complete the arithmetic, expenses and depreciation must be added. Expenses in 1986 according to the note I have circulated, were £5.3m compared with the original forecast of £3.3m. Depreciation was £0.7m compared with the earlier forecast of £0.4m making a grand total of £17.5m from which, as I explained earlier, work-in-progress and capitalised work must be deducted to arrive at the cost-of-sales figure of £15.8m as, again, in

the note I have circulated to Hon Members. The expenses figure is a far more difficult one for me to compare satisfactorily for a number of reasons. The first of these is that the company accounts and internal management accounts employ rather different conventions. The second reason is that a great deal was left out of the APA projections either because they did not know or they underestimated because of shortage of information or for other reasons. Some items, such as rates, were clearly overestimated in their projections. I am not here to pass judgement, Mr Speaker, simply to present an analysis as best I can on the available information. If one were to consider the original projection item by item as set out in Table 9.3 of the 1983 projections, not all Hon Members will have that with them but if the Hon Leader of the Opposition has that.

HON J BOSSANO:

9.5, surely?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

9.3 Expenses.

HON J BOSSANO:

9.5.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Is it? Well, if you say so. Anyway, we are talking about the expenses, certainly. It is possible to make comparisons in respect of most of these and the actual expenditure on the APA items listed in that Table, the actual expenditure in 1986 I mean, has been something like £1.7m compared with the £3.3m which was projected. And the reason for that is that expenditure on rates, superannuation, insurance and a number of other items was substantially below expectations, this is clearly in the case of rates but it has also been so with other items. On the other hand a substantial number of other non-staff overheads was not included in the original projection, namely, and the list is quite a long one - general office costs; stationery, printing and publications; vehicle running costs; courier and postal services; legal, audit and consultancy costs; protective clothing; carriage and freight costs; equipment rental; and the largest single item of all, consumables. In total these non-staff costs, not included in the original projections, add up to about £1.2m so one can regard those as.....

The House recessed at 12.15 pm (due to a power cut).

The House resumed at 3.15 pm.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I had reached the point, when the lights went out and we had to adjourn, at which I described the total of non-staff costs which were not included in the original projections by A & P Appledore as adding up to about £1.2m. Ignoring those items which, for accounting reasons, cannot be included on either side of the comparison such as the contingency provisions, the projected expenditure and the actual expenditure inclusive of those items I had just mentioned before the lights went out, nevertheless fairly close at about £3m or thereabouts and that leaves a further £2m to be explained. I have circulated to Hon Members at this stage some additional information which, in fact, is taken from an annex to the company's own accounts. This information is not published with the accounts and, in fact, I ought to say that when I suggested last year to the Chairman that some further information of this nature might be made available for the purposes of the annual motion on the GSL Accounts in the House, the Chairman was very strongly of the view that to do this could be damaging to the company's competitive position. I remember the Hon Leader of the Opposition challenging that view at the time. Be that as it may, at this particular juncture in view of the comments made by the Leader of the Opposition amongst other things and having regard to the public interest generally and the present situation in the yard, I feel that the arguments advanced by the Chairman last year have, perhaps, lost a little of their erstwhile force. I have therefore circulated this information. I should explain, of course, that this cannot be compared precisely with the original 1983 projections by A & P Appledore and this harks back to my point about different accounting conventions in the preparation of the information. It may, however, help to elucidate or illuminate some of the points which I will be making in reply to questions which Hon Members raised yesterday. However, dealing briefly with the explanation for the difference between £5.3m and £3.3m on expenses which is where we left off, I believe, this morning when the lights went out, the explanation insofar as I have been able to piece it together lies mainly in two further substantial items. In the first place, the company has charged as indirect expenditure a further £1m of non-productive labour and this can be seen in the note which I have circulated on appendix 2 under indirect costs. Secondly, in addition to the capitalisation of £1.7m already mentioned, the company has written off a further substantial amount of direct costs and overheads which were allocated to the construction of the slop barge. As Hon Members will know from the accounts, this is shown in the balance sheet as having a value of just over £2m net of this write-off. I should also draw the attention of the House in this connection to the Auditor's Report on page 5, also to Note 3 forming part of the accounts referring to certain unresolved accounting differences written off against cost-of-sales and, indeed, to the similar comments made by the Principal Auditor on page 1 of his Report on accounting differences and write-offs.

HON J BOSSANO:

If the Hon Member will give way. Could I ask him to clarify for me, he has mentioned the £1m non-productive labour in indirect costs and given the impression that, in fact, that £1m is included in the £5.3m expenses then how does he arrive at the £10.3m manpower given that the manpower costs in the audited accounts is £7.3m to which he added £3m presumably for subcontract labour and if there was £1m in indirect labour that would come to £11.3m which is in excess of that shown in the audited accounts.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I agree with the Hon Member. He has asked me how I arrive at it and, quite frankly, I don't arrive at it. I think now this might be a convenient moment, Mr Speaker, if I were to attempt to answer some of the points which were raised by Hon Members yesterday in connection with various points raised during supplementary questions. I think the first and the major one was in connection with expatriate allowances and the cost of expatriates. I should mention incidentally that the figures I gave for total costs were not, of course, the current annual costs, they were the costs since the company started operation. I think I ought to make that point. The second point I should make was that there would appear to have been some slight inaccuracies in what I said inasmuch as certain figures have since been revised or rather further information has been provided to me by the company. The figure I would like to put forward, first of all, is the figure of £1.2m as being the cost of expatriates in 1986, £1,230,000, and I can give a breakdown of this figure for Hon Members. They will pardon me if in the detailed arithmetic there may be the odd thousand or so lost in the roundings. The basic salaries of expatriates in 1986 - £417,000; inducement allowances which excludes the electricity, water and rent, the figure I have now been given is £384,000. I think there was some misunderstanding about what was meant by inducement allowances to be fair to the company and they gave this figure to me and I gave it to the House. Rent, that is to say, accommodation - £103,000, slightly different from the figure of £101,000 but I think that may be roundings. Then there is a figure of air fares - £82,000, these are part of the expatriates' contracts of employment. Electricity is £33,000 and water £16,000, they amount to £49,000 which is the figure I gave yesterday for 1986. Maintenance of buildings, that is in connection with the accommodation of the expatriates, is £3,000. There is a figure here of £48,000 which is the provision for the Managing Director's salary and bonuses for Messrs Abbott and Thompson, two senior employees of the company who have since left. There is also a figure of £123,000 for terminal bonuses, that is in 1986. The figure for 1985 was a very small one, as I thought it would be, I think it is about £2,000. The final figure is other costs which is quite small at £21,000 and this includes, in fact, telephones, travel and subsistence on company business; employer's social insurance; various recruitment costs and

other items. As regards telephones the reason why this was omitted from the figures which I gave Hon Members yesterday was that, I think I am right in saying, that the question related to allowances and the actual allowance as, indeed, the Principal Auditor explained in his Report, is for the telephone rental only. What the Principal Auditor quoted was the cost of the bills which are presented which, of course, will include charges for telephone calls and those telephone calls if the individuals claimed on the company would, it is assumed, to have been made on official business hence the allowance is only related to the rental and is a matter of approximately £2,000 a year, it is a monthly rental multiplied by the number of expatriates. That, I think, explains telephones. The figure, for the benefit of Hon Members, the figure of £1.23m is, broadly speaking, £35,000 per expatriate employee, that is a broad figure and we are, in fact, talking of approximately 40% of the staff costs. If Hon Members will refer to the two appendices I have recently provided we are talking about £1.2m as a percentage of £3m for 1986 or to put it slightly differently, my understanding is that we are talking about 20% of the staff numbers but 40% of the cost and I think this figure corresponds to what we know about the average salary of the non-expatriate staff which is in the order of £15,000/£16,000, this is staff costs so I have been informed. The other main question which the Hon Leader of the Opposition asked me to pursue was the question of the Chairman's fees and the arrangements which have been made with Welbeck. I think I did explain yesterday that Welbeck were, in fact, instrumental in head hunting for a Chairman in 1984. Hon Members may remember that I was rather anxious to relinquish this post myself at the time and I think we were very fortunate in getting Mr Simonis. At that particular time I did have some say in the arrangements which led up to the determination of the Chairman's salary and I am bound to say that the fee which was suggested then by Welbeck was higher than £10,000, they thought that an appropriate fee for a non-executive Chairman would be nearer £15,000 or even £20,000, that was their view then but Mr Simonis agreed to a fee of £10,000 subject, as I have said, to further consideration in the light of movements in remuneration generally. They were not appointed by the Government as consultants as such but I mean they were approached in 1987 and asked for a view as to what would be an appropriate level of remuneration and they recommended a fee of £30,000.

HON J BOSSANO:

Mr Speaker, why? Was it that Mr Simonis complained that he wasn't getting enough?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir, I don't think it is fair to say he complained but there was this arrangement which we agreed in 1984/85 at the time of his appointment that his remuneration would be

reviewed and he left it throughout 1985 but reminded us subsequently of this matter which I think is perfectly reasonable under the circumstances. I am sure I would have done the same myself. As I said, Welbeck recommended a fee of £30,000 or £400 per day. Mr Simonis agreed to accept a fee of £20,000 in April, 1987, after the matter had been considered by the Government but at that stage it hadn't been formalised by the Board. The Board considered the matter on the 21st May, 1987, I now have established, and agreed the fee which although included in the 1986 accounts had not, in fact, been paid in that year so my assumption that this was, in fact, an accrued figure, the assumption I made yesterday was correct. This decision was taken before the company had decided on a wage offer for the 1987 pay review and, indeed, was considered at the time when there was, it says here, 'clear improvement in the financial performance of GSL' but I think what that means is the situation during the first part of the year was a satisfactory one or was so considered by the Board at the time in financial terms. Certainly there was no industrial unrest at the time. The Board felt that the additional £10,000 was reasonable and could be met from the company's resources. As far as other Directors are concerned, I think the House will know that only two receive fees, namely, Mr Francis Isola who has since resigned, and recently Mr John Steel at a rate of £5,000 per annum and this also was agreed in 1985 following advice from Welbeck when they were head hunting for the Chairman. I think that is all I want to say on the detail of the accounts for 1986, Mr Speaker. What I now have to say is in rather more general terms, a more general analysis of the company's progress in 1987 although I should add that the main elements of the company's cost structure in the 1987 Business Plan and, indeed, in reality, very little different from those encountered in 1986. The company's sales forecast for 1987 prepared in January of this year was for a total of nearly £18m compared with a figure of £15½m in the original projections and with commercial work representing about £9m of this. The company assumed direct labour costs of £4.5m, materials and subcontract just over £5m, overheads of £2.5m, all of these in round figures, and had the cost structure been as forecast and, of course, the sales as forecast, it would have broken even. But their forecasts assumed that the yard would be working to full capacity virtually throughout the year and that the problem of idle and unproductive time would not reappear, let alone the possibility of industrial action. As the House will be aware, the company was guaranteed no further RFA work beyond the end of the Bayleaf contract. Implicit in this was the prospect that unless commercial work could be obtained in sufficient volume to compensate for the lack of RFA work, the company would be unable to generate sufficient income to cover its fixed costs during the second half of the year. This prospect was magnified by the different profile of RFA work experienced by the yard. The GSL budget was based on RFA turnover of £8m spread over five vessels but approximately £6m in fact came from two vessels, Brambleleaf and Blue Rover with Bayleaf as possibly the last. During the first six months when the

yard was accommodating both MOD and commercial work the company was, indeed, close to break even. Compared with the first quarter of 1986 the company sold 65% more manhours and had 10% less unproductive manhours. Activity in the yard achieved 68% or 69% of manpower utilisation. Nevertheless the fundamental structural problems of the company were apparent as, indeed, they were during 1986. These problems are and they have been now for some time: a high level of direct labour cost because of heavy overtime and use of contract labour; not generating sufficient sales income to feed the high level of overheads - higher than in the original projections; and with the ending of guaranteed RFA work, the reappearance in even more acute form of the problem of idle and unproductive time. The fact is that with its present cost structure the company cannot in a highly competitive and volatile market generate sufficient profit in the good months when the yard is fully occupied, to ride the lean months when the yard is not fully occupied. That, as briefly as I can express it, is the fundamental problem in commercial and financial terms. For example, manhour utilisation in June when the Blue Rover was completed and the work-to-rule by non-industrial staff began, fell to 54%. It has, of course, fallen much further since. But I think it is most likely that even without industrial action and even with no pay increase, the company would have struggled to break even. In the aftermath of recent events this prospect has disappeared entirely and losses of up to £3m if not more are expected this year. I think it is reasonable to give the company some credit for trying to sell their way out of difficulty. The manager's sales arm and network of agencies is generally recognised as highly effective and Gibrepair's location gives the company an enormous advantage in this respect assuming that other factors are also favourable. Nevertheless it is disappointing to have to note that, despite two years of full trading when the adverse effect of the local cost structure should have become apparent to both unions and management, and notwithstanding intimations by Price Waterhouse, amongst others, to this effect, there has been no serious attempt to develop an alternative operational strategy. It would be unfair to say that the company tried simply to forecast its way out of difficulty. Moreover the company was again diverted by industrial action from its business plan and strategy. Nevertheless it was a one-way only strategy, highly sales orientated. I think it reasonable to suggest that the company should have had an alternative strategy in order to cope with the endemic problem of idle and unproductive time and that action should have been taken at an earlier stage to tackle the problem of the very high level of fixed costs. Even the prospect of industrial action might have been foreseen and should have formed part of the contingency planning of the company. In saying that I am, of course, aware of the political factors on which it would be inappropriate for me to make any comment. With the ending of RFA work, continued industrial action and the prospect of no substantial commercial work until the company can re-establish itself in the market as capable of repairing ships without the risk of disruption and delay, the company

has urgently addressed itself to the problem of restructuring the yard and is currently exploring a number of options which will involve the use of a smaller workforce. The Government as sole shareholder in the company has invited the Board to consider this as an alternative to closure and has given the company the necessary guarantees to enable it to continue trading during the remainder of 1987. Without such guarantees the Directors would have no option but to cease trading and/or go into voluntary liquidation immediately. As the House is aware the Government has already provided £2m of equity capital this year. The Government does not propose making any further financial arrangements of a long-term nature until it receives a further report from the Board in November. Nevertheless, the company's cash flow position, with minimal sales income recently and little expected in the near future, is critical. To enable the company to continue paying its workforce and meet its obligations to creditors, the Government is prepared, subject to the agreement of this House, to provide the necessary guarantees to enable the company to obtain short-term loan facilities from a local bank, amounting to £2m. As Hon Members will know, I cannot give such a guarantee without a resolution of the House to this effect, as provided for by Section 9 of the Public Finance (Control and Audit) Ordinance. I therefore propose, Mr Speaker, at the conclusion of the debate on this motion, to propose the suspension of Standing Orders and to move accordingly in the terms of the resolution of which I believe you have been given notice and which I am now arranging for Hon Members to have a copy.

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

MR SPEAKER:

Needless to say the motion which has just been circulated for the authorisation of the guarantee will be a separate motion.

HON J BOSSANO:

It will have to be moved and debated.

MR SPEAKER:

Most certainly, yes.

HON J BOSSANO:

Mr Speaker, when the 1985 Accounts were brought earlier this year to this House I went into the matter in some depth and got very little information back from the Government or, indeed, from the Hon and Learned the Chief Minister who said he would sleep on everything I had said and probably come back with nothing and was as good as his word. I am grateful

to the Hon Financial and Development Secretary for the details which he has provided to the House which, quite clearly, the House should have had this kind of information from the beginning as was promised, in fact, when the Gibraltar Ship-repair Bill was brought to this House and a Special Fund was set up. It was one of the early interventions of the Hon Financial and Development Secretary shortly after his arrival here and we were told then, before the last election, that we would have ample opportunity to go into everything in detail when the time came to approve the accounts and, of course, it has not happened until now when all that we can do is a post mortem on the money that is gone because there is no longer anything to decide now, except whether we give a guarantee so that Barclays Bank can make a profit out of lending money to GSL. Since it is manifest that GSL is in no position to pay back the £2m loan, as they are already predicted to have a £3m loss, I cannot for the life of me understand why the Government prefers to give a bank guarantee rather than provide the loan themselves and at least save the interest. Certainly, I am aware that Barclays Bank refused to provide the company with a loan a considerable time ago without the guarantee from the Government, so obviously they didn't have the confidence in A & P Appledore, Mr Simonis, the business plan and the rest of it that the Financial and Development Secretary has. I am going first, of course, to answer some of the points made by the Hon Member and then I am going to draw the attention of Members to the accounts and then I shall make some references to the situation as we see it from the point of view of the options open to Gibraltar and the political responsibility that lies with the Government primarily and with this House in dealing with the options. I think the Hon Financial and Development Secretary has come as close as I suppose he can to being critical of the lack of preparedness on the part of the company to face the situation that it faces today as it is possible for him to do in the position that he is. I can afford, of course, to be more critical than he has. And I also think I can provide, perhaps, first-hand information which doesn't require, as it is in his case, that I should have to introduce the caveat every two minutes of saying: "This is what I have been told by the managers" and I understand that he is providing the House with the information that he has obtained in order to satisfy the questions that we have put to him and to the Government. I think he knows from experience in this House that generally when he gets a question from us we have got a fair idea of what the answer is and we are trying to establish, in fact, what the Government is doing about a situation and we often find that they have less of an idea of the answer than we have ourselves. Let me just deal with the latest point on which I asked the Hon Member to give an explanation to the House which is the question of the Chairman of the company and his fees. The Chairman that, according to him, we are very fortunate to have still, presumably, although, of course, Mr Simonis is responsible for the performance of the company and any company Chairman of any public company that I know of would not get any plaudits for telling its shareholders that they were now

going to be facing a £3m loss and that the company was on the point of liquidation. He would stand the risk of being sacked but, of course, in our case the sacking starts at the bottom in Gibraltar, the ones at the top are sacrosanct. So what do we learn? That Mr Simonis, of course, was engaged for £10,000 a year and that he had that throughout 1985. Well, so did everybody else. Everybody else was engaged in 1984 and started in 1985 and had no pay increase in 1985, it isn't only Mr Simonis who had nothing until 1986, so did everybody else in the company. We learn that in April the recommendation to raise the salary to £30,000 by Welbeck was considered by the Government. Well, by some people in the Government, Mr Speaker, because the Minister for Economic Development didn't know anything about it in July this year. When I asked in July this year why Mr Simonis was earning £20,000 and I pressed him on it, the Minister for Economic Development said he could give a categorical assurance to this House that he and the majority of his colleagues knew nothing about it. So the Government presumably means the Chief Minister, no? Well, then it means the Financial Secretary or perhaps at that stage it was the Financial Secretary and the erstwhile new party leader of the embryonic party who was still at the Government at the time. I don't know who it was but whoever it was that thought that Mr Simonis should get 100% increase in April was misinformed if they were working on the premise, as the Hon Financial and Development Secretary has said, that wage negotiations had not taken place because, in fact, the pay claim for the salaried staff in GSL was submitted to the company on the 2nd or the 3rd of January and in April the company had already offered 4% for the salaried staff. So when the Government thought that the company was doing so well in April and when the Board considered that the performance was so satisfactory in May that the company could afford to double the salary of its Chairman, at that same time they thought the situation was so bad that the rest could only get 4% simultaneously, Mr Speaker. I invite the Hon Member to ask for a copy of the correspondence, he will find the dates are April and May. I accept that he is working on information provided, I am working on information at first-hand, Mr Speaker. We then go to the other important point made by the Hon Member in answer to the questions and in answer to the point made when we were discussing the 1985 accounts and when I spoke, Mr Speaker. In the context of the 1985 accounts I argued that the company in the 1983 study, the one from which the Hon Member quoted the expenses table to which I made reference when we were debating in June this year, I think it was, the 1985 accounts, or March this year, I was saying then in reference to the first year of operation, the company predicted that they would do £6m of work and they have done £6m of work. So there isn't an argument to say 'the reason why 1985 is worse than predicted', as in fact the audited accounts said and as Mr Simonis said. Mr Simonis as Chairman signed the accounts saying 'if it hadn't been for all the work we lost we would have done much better in 1985'. So then we look for all the work we have lost and we find we haven't lost any in terms of what they predicted. Clearly,

we might have done better than predicted but if you are arguing that we have done less well than predicted you have got to demonstrate what is the effect below what you predicted and you predicted £6m of work in 1985 and you did £6m of work in 1985. There was no doubt that there was industrial disruption in 1985 but it isn't enough for the Government to say: 'That is fantastic, there has been industrial disruption in 1985, we can blame the union, we can blame the workers so that is fine, that means we can save our political name and that is the end of the story'. Their responsibility as owners is that if they have got people managing their business and there is disruption affecting their business, is to find out what is the cause of the disruption and I told them last year, Mr Speaker, in relation to 1985 and I will tell them again in relation to these accounts because it is materially important to the arguments of the performance. The first dispute in May, 1985, in GSL was a dispute over the use of illegal Spanish labour on the sloop barge and here we are being told the cost of the sloop barge is too high and subcontract is too high. We had workers protesting in May, 1985, quite legitimately, in my view, saying: "If the sloop barge is here as part of the training programme" and we have just reallocated costs, Mr Speaker, this reallocation of costs that we have done from investment to cost-of-sales in the 1986 accounts, the reference by the Hon Financial and Development Secretary to the comments of the Auditor where the Auditor says: "Some of the cost of the sloop barge" - which was there as capital investment - "has now been taken away from the capital investment" - you will see it at the back of the accounts where the value of the assets are - "and has been allocated as cost-of-sales". And the reason why it has been reallocated as cost-of-sales is because it is not really investment at all, it is part of the retraining of the old MOD workforce. But how can it be part of the retraining of the old MOD workforce when they were using subcontract Spanish labour to do the work? How can that be? And that is precisely what caused the dispute. People said: 'If this money is here to train us on new skills what are they doing bringing in Spanish workers?' who on top of it in 1985, Mr Speaker, before they went into the EEC, on top of it had no contracts, no PAYE and no insurance and no work permits and what happens? Because the workers protest about a company owned by the Government breaking the laws of Gibraltar and stealing from the Government by not making proper deductions of income tax and social insurance, what happens? The workers get threatened with the sack. And what does the Government do, the owner? Instead of being grateful to the workers for stopping the fiddling they say they are an irresponsible lot who are going to bring the yard to a halt and no ships are going to come here. That is the first dispute in May, 1985, and I can tell the Government, Mr Speaker, and I can tell the people of Gibraltar with a hand on my heart that the elimination by A & P Appledore and by Mr Abbott and the people who surrounded him of the commitment and the goodwill of the workers that went from the Royal Navy to the GSL outfit in the first four months of the life of the yard is unforgivable. The first

four months of that yard, I can tell Hon Members here from personal experience, people were working there with stuff that had been pinched in the Naval Base and pushed over the fence, Mr. Speaker, because there was no equipment for them to work with. People were being told by so-called experts on expatriate allowance with free rents, free this, free the other, how to do things the wrong way round. They started doing the slop barge and they started building it from separate ends in the docks and it was not going to meet in the middle, Mr. Speaker. When the shop steward of the steel workers went to complain he was told by the supervisor who was a Dutchman, who subsequently got sacked for being in a punch-up with the shop steward, he was told by the Dutchman that he was there to obey orders not to question whether the slop barge would meet in the end. So he went back to the union and they said: "If that is what they told you, you carry on with the slop barge. Eventually some way will be found to bridge the gap, no doubt". That history is something that the Government should not have stayed aloof from because at the end of the day because we are talking about something that is important for Gibraltar, because we are talking about hundreds of families who depend on their livelihood in the place, at the end of the day we will have to pay the bill of the Abbotts and the Dutch and all the people who have come in and gone, we have to pick up the bill. Therefore it was important that the Government instead of taking it for granted that it was just the nasty old union making trouble, should have gone in and found out what was wrong. I am not saying that every single time there was a confrontation or a conflict or an argument between a manager and a worker it was always the manager's fault and never the worker's, that wouldn't be true in GSL or in the Gibraltar Government or anywhere in the world, never mind anywhere in Gibraltar. There is always right and wrong to some extent on one side or the other but there were clearcut, verifiable examples which I have given in the House before which required investigation and we have only skimmed the surface with what we have heard so far, Mr. Speaker. But we finished the year and in spite of all those problems, we finished the year, a number of disputes involving attempts by Mr. Abbott to increase enormously the workforce, resisted all along, if it hadn't been for Abbott we wouldn't be facing now an 800 workforce, we would now be facing a 1,200 workforce having to be cut by half if there had not been a number of disputes to stop him employing people. But resisted all along; at the end of the year we finished with £6m of work and a wage bill of £6m. Therefore when we come to the second year I am sure the Financial and Development Secretary expected me to put forward that same line of argument having put it in the context of the 1985 accounts and I am sure that that must have been part of the reason why he pre-empted the argument, if you like, Mr. Speaker, by pointing out the element of subcontract in the figures that he has given us. I think there is, of course, a very important matter that we need to consider in looking at the cost-of-sales and looking at the A & P Appledore projections. And let me say that although it is true to say that one cannot expect a projection made

in May, 1983, to hold absolutely accurate in 1984 and 1985 and 1986 and 1987, that is true, the importance is not that we expect the thing to be rigidly true but that we see whether the different variables had changed by the same amounts, that is the importance. That is to say, if A & P Appledore had said 'We are going to do £9.8m of sales in 1986', in the second year of operation, then whether it is £9.8m or £10m or £11m, the important thing is to say 'Is the relationship sales/labour costs more or less the same?' or 'Have we, in fact, found that we have sold £9.8m but we have had to spend twice as much on labour' as was envisaged by A & P Appledore. The reality of it is, of course, that the sales were £12m in the 1986 year as the figures in the accounts and in the paper prepared by the Financial and Development Secretary says. I think the £9.8m on the other column, for example, the Hon Member then shows a minus element of commission and fees. The fees being the £300,000 that GSL gets and the commission being the £100,000 shown in this sheet where the background of the breakdown is. Therefore, if we are looking at the £12m the comparable figure is the £9.7m after the £100,000 fee because, in fact, the £12m shown by the Auditor is net of commission to agents. The £9.8m shown in the original was the gross figure before the payment of commission. In fact, the increase in sales is from £9.7m to £12m. If, in fact, we then say, out of that £12m let us take out £3m of sales because the £3m of sales is the £3m we paid the subcontractor so effectively it is not money that has come in to the company, we will charge the customer £3m, we have paid the subcontractor £3m so really the income to the company is £9m. Then we are comparing £9m with £9.7m. However, the £9.7m did contain an undisclosed amount for subcontract because that was included in the £1.4m of materials in the original projections. The £1.4m was materials and subcontractors and I think the figure might have been of the order of £3m for subcontract in the original projection. So what we are talking about is after we make all kinds of allowances to make the thing look less good we are still left with the situation where at the end of the year £9m of work was done, after taking out subcontractors, as opposed to £9.2m. So all the disputes and all the loss of sales and all the loss of goodwill and all the people we frightened off cost us a loss of sales of £200,000, of sales not of profits. We cannot compete with Appledore on knowing how to lose money, Mr. Speaker, because they inaugurated No.1 Dock by putting in the Beaujolais and losing £600,000 on one ship. So that we produced £200,000 less in turnover in one year when Abbott lost by a miscalculation £600,000 on one ship seems to me a forgivable omission on the part of the 800 workers. Of course, when Mr. Abbott was challenged on this in television at the time he said: "Well, you win some and you lose some".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. I think, if he is making the point about subcontract he ought to net it from the sales and the manpower, I think so because otherwise it is not a comparison. I am pretty sure it is included in the gross income and therefore it is netted. If he is making the comparison.

HON J BOSSANO:

I have, in fact, netted it from both, Mr Speaker. I am talking about the sales figure which is at the bottom so at the moment I am netting it from sales and I will now come up to the top where I assume he has included it in the £10.3m. Therefore if we take it out of the £10.3m then we are left with £7.3m as manpower costs at the top and £9m as sales at the bottom. And what I am saying is that if we take the subcontract and the commission out of the £9.8m then the figures would look that the manpower cost at the top in cost-of-sales would be £7.3m and £7.3m, no change, and that at the bottom the figure would look £9.2m and £9m. So, in fact, after all the disruptions we finish up with a comparison that is £200,000 less than originally projected by A & P Appledore with one important element, of course, that in the manpower cost of the £7.3m we are including all the expatriates and all their telephones and all their water and all their electricity and all their rents and their flowers and their fares and the lot. That is an important difference. I don't know how much of that was included in the original £7.3m but it certainly wasn't spelt out at the time. It is included in the second £7.3m and, of course, let me say, Mr Speaker, that when we come to the subcontract the Hon Member does know something about the cost of subcontractors. That is to say, he knows what the global figure is and that is £2.98m. But what the Hon Member may not know is what is a typical pay packet of one particular individual worker employed by one subcontractor earlier on this year. We have a situation where we have got one of these subcontractors working in GSL on a ship side by side with out people, getting £225 basic wage, a mere £60, £70 or £80 more, but after all he is a subcontractor that comes out from UK one has to make allowances for these kind of things. He then gets £223 in overtime which brings it to £458 and, of course, he has to have £48 for his digs and £50 for travelling in from La Linea every day which gives him £556 and no deductions, no tax, no insurance £556 net per week for an industrial worker, for a fitter on an RFA employed by a subcontractor. It is no wonder that they come to £3m. Clearly, the cost per unit of output and this worker is working side by side with ours and he is getting four times what ours gets, either we are importing supermen as subcontractors who churn out four times as much work or else what they produce costs four times as much and you have to deduct what they cost and you are then left with the net figure of which the Hon Member talks. So when we receive £12m in sales we have to take out £3m of those sales so that we can pay somebody £556.75 a week and

not tax him and then we find, of course, that we are left with £9m. Then from our £9m we have to pay our management, our Simonis, the inducement allowances, the rent, the water, the electricity. Small wonder, Mr Speaker, there is no money left for giving pay increases. I am surprised there is any money left to pay wages. That is the reality of the situation and it is a reality that the Government could have found by going down there and putting on a blue overall and spending half an afternoon walking round and talking to the people on the shop floor. They didn't need me to tell them, they could have found that out for themselves if they had been interested in finding out. They preferred not to know, they preferred to look the other way. I think, Mr Speaker, that that, in fact, redresses the balance from the kind of impression the Hon Financial and Development Secretary might have had created for him by the information provided by the management when he said: 'It might look as if the workforce was performing very well, alas this is not so because of the subcontract'. Alas, it is so precisely because of the subcontract. The subcontract does not destroy the argument, it enhances the argument because of the expensiveness of the subcontract. The subcontract has been resisted every inch of the way by the local workforce who claimed that they were able to do the work and who suspected that somebody was getting a backhander, that is the reality of the situation when people argued 'why do we need subcontracts? Why do we need to bring people in?' The most cost effective measure introduced in the company in the three years of its existence has been the wholly owned labour only subcontractor which displaced Technoship, which used to import labour from Portugal and used to be run by a Swedish gentleman and that was on the initiative of the union, not on the initiative of the Board or Simonis or anybody getting £20,000. It was a union proposal that instead of getting somebody from outside it should be a local firm and a joint venture was set up, first of all, with GIBUNCO and Pegasus and they went in and did the work and the company said they were no good, they didn't know how to do it. GIBUNCO claimed to have been doing it for years but the company said that they were no good, we had to bring Technoship. So then the union said: "If the local firm are no good we'll run it, we'll show you how to do it" and that has been one of the few success stories of all the initiatives that have been taken to reduce costs in GSL since it started in January, 1985. Let us not talk about the union wanting or failing to come up with initiatives or ideas. The reality of it is that most of the ideas have got nowhere because there is an in-built disincentive in the system the Government has created. Doesn't the Government understand that if they bring people from UK many of whom were on the dole over there although they had to be head-hunted, I wouldn't have thought you would have to be much of a head-hunter to hunt one head in three million but still they did a head-hunting. We don't know what it cost to the head-hunters, depends how big the head is, I suppose. The expatriates come here, they have got a contract, on top of the contract they get perks which, quite frankly, shook me

yesterday when I discovered it because I hadn't realised the extent to which we were giving these people all these tax free extras. Then they have to say when a local man has reached the necessary level of competence so that they go back on the dole in England. You are asking the impossible. If you ask any expatriate manager they will tell you the yard wouldn't work without him and that you have got to keep on giving him £35,000 a year. But the Government has got to explain how it defends the situation where we have got virtually in GSL thirty-odd managers earning more than the Chief Minister of Gibraltar and more than the Financial Secretary. What is there so special about losing £3m a year that you need to employ thirty-five people at a higher rate of pay than the Chief Minister to be able to do it? In any case, if the Chief Minister does the job on his own and does an equally bad job in running the Gibraltar Government, I would have thought he could do it equally well all by himself without the thirty-five expatriates, I am sure he is quite capable of losing £3m a year in GSL. The Government has got to address itself to its problem and the answer isn't for the Hon Financial and Development Secretary to say that the company has failed to come up with an alternative, they haven't made a serious attempt. No, it is the Government that has got to find the alternative not the company. I will tell the Government what the company's alternative will be, sack the natives and keep me, that will be the company's alternative. You go and ask any expatriate whether the company can function without them and they will tell you that it can't and you ask them whether the company can function without the people further down the line and the answer will be that it can, of course. And then you go and ask the people at the bottom and they will tell you the opposite. The Government has got to exercise the responsibility of saying: 'We had a serious difference of opinion on this operation and we tested that in the last election', the Government got the benefit of the doubt from the people of Gibraltar, the Government deposited its faith in the Appledore management, the answer isn't to give them a default notice in September, 1986, and to appoint Michael Casey in September, 1987, to renegotiate the contract. That is a nonsense, that is another palliative, Mr Speaker, that is the patch-up work that the Government and that the AACR have been doing year after year and that is why we have got every building falling down and every school leaking. You cannot keep on putting off the evil day by saying: "Let's get another expert and another consultant", they all come from the same school, they are all equally expensive and they all cover each other up. When are we going to learn that lesson? We get told by the Hon and Learned the Chief Minister that he has appointed Michael Casey and he won't tell us with what terms of reference. Two or three months before the end of his term of office he has got the audacity to say he is going to use public money to appoint somebody to make some recommendations to change Appledore's contract. Well, I can tell him one thing. If that situation is still in train when he decides finally to call an election we'll sack them both, Appledore and Casey.

HON A J CANEPA:

If you get into power.

HON J BOSSANO:

If we get into power and if we don't get into power and the Hon Member opposite succeeds the Chief Minister instead of Mr Joe Pitaluga succeeding the Chief Minister in the AACR, then the Hon Member will have to face the problem with the people of Gibraltar, the workforce and the £3m bill that we have to vote of taxpayers money. Because if the Hon Member wants to defend Appledore even at this stage then, quite frankly, I credit him with more intelligence. I would have thought at this stage of the day what he would want to do would be to distance himself from this crowd. They have taken us to the cleaners, Mr Speaker, they have treated us as if we lived in the Belgian Congo instead of in Europe and here we have got the Government of Gibraltar sticking up for them, it is indefensible. The people of Gibraltar and the people in the yard are not looking for that kind of leadership from the Government. What they are looking for is a recognition that the thing is a total mess and what they are looking for is a response from the Government of what they propose to do to clear up the mess and people have had enough of consultants, Mr Speaker, that is what we were told with Price Waterhouse. Doesn't the Government learn? When we had the major dispute what did the Government offer the people who went on strike? 'Go back because we are going to bring in a consultant'. That won't wash anymore and the Hon Members opposite must understand that they cannot run away from the problem because the reality of it is that we have been told by the Financial and Development Secretary that the loss for 1987 is going to be £3m plus which means the Government of Gibraltar will have to give the company over £3m. Clearly, the £2m guarantee is just to keep their head above water on a week-to-week basis. When the accounts close what will happen will be what happened before in 1985, when the accounts were closed in 1985 that the Auditor said they couldn't certify that the company was a going concern unless the Government was prepared to come in and say: "We'll foot the bill" and that is where the £2m came from. All this nonsense of saying, the company comes out with a press release in April or March, I think it was, this year, saying: "Because of the increased turnover and because work-in-progress is going up, the Government of Gibraltar is going to put in £2m of extra money in shares so that we can finance the higher volume of work". The company, obviously, that takes us all in Gibraltar for a lot of idiots says: "Everybody knows that, of course, with a higher turnover you need more money to maintain your work-in-progress and so forth". Well, everybody may know it but the Auditors apparently don't because according to the audited accounts for 1986 the work-in-progress doesn't show that kind of increase although the turnover has gone from £6m to £12m. Where is the work-in-progress doubling in 1986 as opposed to 1985 with the sales

going up from £6m to £12m? And if, in fact, the argument is that they needed £2m because of the higher turnover of 1987, if their turnover is now going down why don't they give the £2m back? It was a lot of nonsense, Mr Speaker. The reality of it was that it sounded good on paper like everything else they bring out. In 1986 what did they say, in January, 1986? We are looking now at the end of the year. I suppose nobody on that side has bothered to look at what they said at the beginning of the year but I suppose the people on that side know that I will have done it, GSL may not know that but anybody that has been in this House with me for the last fifteen years knows that if somebody says at the beginning of the year: "This is going to happen" and then at the end of the year they say: "This is what happened" I go back to see how it compares with what they said at the beginning, it seems a reasonable thing for me to do. What did the Mr Simonis we are still fortunate to have - this was put out on the 14th January, 1986, Mr Speaker, and signed by Peter Simonis and Brian Abbott, that is, the Simonis we are still fortunate to have and the Abbott we are still fortunate not to have, so that we don't get the two confused. We may be fortunate to be without both of them before very long one hopes, but still that is a pleasure yet to come. What did they tell us? I will tell you what they told us, Mr Speaker, they told us that they expected the work for 1986 to involve a number of increases in the different components, in Gun Wharf, in the RFA programme and in the commercial work and the total was going to be £12.4m. That was the prediction at the beginning of the year without any anticipated disruptions of industrial action or anything. This is not the 1983 proposals I am talking about, this is January, 1986, and at the end of 1986, after a three-weeks strike in May and after major disruption according to the same Mr Simonis, we have £12m of work. But, of course, the interesting thing is that they told us at the beginning of the year that in order to be able to do the extra work they predicted that we were going to do just over £12m instead of £6m and they asked themselves the question, because they are so sophisticated, Mr Speaker, when they bring out this company newsletter they ask themselves rhetorical questions, and they ask the question and they provide an answer. So they asked themselves: "Won't all this extra work need more people to do it?" "Yes it will", they answer. They are talking, obviously, to fairly subnormal natives on the Rock, a little above the intelligence of the Rock ape so Simonis and Abbott talk down to the proletariat and they put the proletariats' question and they answer it. And they said: "Won't this extra work need more people to do it?" - "Yes it will". Of course, we expect to do more because of improved productivity but we still need an extra 150 to 200 people just to increase output. Well, we did it without the 150 to 200 people. We have done the £12m without taking the 200 people, we stopped him otherwise we would have to be making them redundant now. This is in print, this one. In 1985 he wanted to bring in 300 or 400 and he was stopped in 1985 and he was back again at it in 1986 wanting to bring in an extra 150 to 200 people to do £12m of work. In fact, we have

done the £12m notwithstanding the fact that there was a three-weeks strike and notwithstanding the fact that we didn't bring the 200 people. If the argument that I put earlier, Mr Speaker, in analysing the component of subcontract work in the manpower cost and in the sales figure and the argument of £500 a week fitters didn't clinch it, this should clinch it. The performance has been there, the people believe the performance has been there and I believe the performance has been there and I think the Government should be saying to Appledore: "There is overwhelming evidence that the targets that you laid down in 1983 and in 1984 and as recently as January, 1986, and in January, 1987", they have been issuing press releases during the first half of 1987 saying how well we were doing, then the targets have been met. So why is it that we are not performing? If we come to 1987, Mr Speaker, because we are talking about 1986 and we have to keep this other myth of the success that there was in 1987 until the thing got sour in July. In 1987 when the company was doing so well that it could increase the salary of its Chairman by 100% and so badly that it couldn't afford 4% for the rest, the company announced that it had done £10m of work in six months. £10m in six months was the target in the first half of the fourth year, that is to say, in the May, 1983, Appledore proposals the company was supposed to reach £20m in year four so obviously in the first six months of year four it would have reached £10m. So we could say that in the first six months of year three we had reached a volume of sales predicted for the first six months of year four. We were doing between January and June what we should have been doing in 1987, that would justify the increase for the Chairman not the 4% for the rest. However, although the Hon Member opposite has said that had it stayed like that for the rest of the year, that is, had we done another £10m in the second half presumably with the same costs as we had in the first half, we were expecting to break even. In fact, the Chief Minister said in July to the press that we had lost £600,000 in the first six months. He said in a public statement which was printed in the Chronicle, I haven't got it here although I have got a lot of other things but I do remember it and I am sure that if he checks it back he will find that I am right, he said that, in fact, the cost in the first six months had been £10.6m and he gave a breakdown and the income had been £10m and that therefore it wasn't true that because the workers had said: "Where are the £10m that we have made in the first six months and why is there no money for pay increase?" He said: "Well, there isn't money for pay increase because, in fact, the cost had been £10.6m, the sales had been £10m so you really lost £600,000". So we were losing £100,000 a month in the first six months of the year when we were one year ahead of target in our sales figure, when we had reached a volume of £10m in six months in the third year and the prediction was a volume of £10m in six months in the fourth year with 1,200 people. An enormous disparity between the predicted result. The same volume of work, a year ahead of time and two-thirds of the labour force and we were losing £100,000 a month. Clearly, anybody looking at that would come to the conclusion, without the expertise of being a head-hunter or the expertise of

Price Waterhouse or anything else, would come to the conclusion that if we didn't make a profit in the first six months of 1987 we'll never make a profit on the basis of repairing ships at that level and consequently the ground rules need to be re-examined. I think the responsibility must be on the part of the Government because the Government has to take a pinch of salt with what people say to it who happen to have a vested interest in the thing continuing or not continuing. And however impartial they think that people can be, at the end of the day people cannot avoid colouring the picture in a way that puts them in a better light. I think the Government has got to ask itself some fundamental questions and I think the workforce in the yard with the memorandum that they have submitted to the Chief Minister, what they are really saying to the Chief Minister is they have had an experience since leaving the Naval Dockyard of constant uncertainty. I remember a letter from somebody in the Chronicle saying that in addition to all the other ills affecting GSL they appeared to be schizophrenic because they came out with alternating glowing and gloomy press releases about the future. The people who are there don't know from one day to the other whether we are booming or whether we are going bust and they are saying to the Government: "We want the Government to take the responsibility of saying: 'I am going to come clean, I am going to tell you either it is impossible to run a commercial shipyard in Gibraltar and consequently we'll have to find other ways of providing the people there with an opportunity of earning a living or it is possible to do it but it requires drastic changes because the thing as it is put together today is ill conceived and will not work'". I understand that today the news confirmed that the Managing Director of the company has now announced 210 redundancies. It is certainly news to me, I have discovered it on arrival at the House, I don't know whether this was cleared with the Board or the Government or the Chief Minister.

HON CHIEF MINISTER:

If the Hon Member will give way. I think that that statement was completely unwarranted and unauthorised and I will explain later why.

HON J BOSSANO:

I am grateful to the Hon and Learned Member for that piece of information, I am sure people will be glad to hear that, in fact, the need for redundancy or the level of redundancy has not yet been decided or cleared. The thing I think that the Government must have some indication of and I don't think we can shy away from that is that the position in the yard will be that the unions there will obviously make a stand in defence of all their members irrespective of origin. But the Government and the House taking a look at the situation from the point of view of a political responsibility to Gibraltar as a community cannot stand by and say: "This is

a commercial business and we cannot interfere with commercial decisions so if the commercial managers decide that the best thing to make a success of shiprepairing is to sack all the Gibraltarians and keep everybody else then we have to go home because we mustn't interfere with management decisions, this is the day-to-day running of the yard and consequently what we will do is, we accept that they create a yard for themselves and send us a bill every year for £3m so that we tax the Gibraltarians to keep people repairing foreign ships at a loss for evermore". I know that I am drawing an exaggerated picture but let me tell the Government that I am doing that deliberately because I don't want to put the thing in the serious light in which it can get into and there are lots of ramifications. If we get one particular national group at loggerheads with another one and with the frontier on our doorstep I am sure the Government can work out the implications for itself and therefore this is a highly sensitive situation that we are facing. Not only is it important economically because it can have a destabilising effect on the rest of the economy. The fact that the GSLP never believed in the Appledore scenario and would not have supported it in Government in 1984 doesn't mean that we are not stuck with it now and doesn't mean that if tomorrow you suddenly close the yard you don't leave a huge hole in the economy because it is occupying that hole now. So it has serious economic implications which means you cannot just say, as I understand the President of the Chamber of Commerce has said on some occasions, "Well, you just lock the place up and that's it, throw away the key and put up blocks of flats or sweet stores". I am sure he won't want any perfumery shops but still. We cannot take that kind of stand and we have got to be sensitive as well to the primary objective of a yard. It isn't that the Government decided in 1983 when they did the package with the United Kingdom Government to go into a commercial shipyard because it had been their aim in life to own a commercial shipyard, it was because they were persuaded, presumably, that that was the best alternative for the people who were going to be made redundant by the Naval Dockyard. One of the things, of course, that happened in 1985 and in the first part of 1986 and less so in the second half of 1986 and 1987 has been an exodus of many of the original workers in GSL that came from the Naval yard. The Price Waterhouse Report mentioned as one of the factors impeding efficiency and impeding the growth of productivity was the fact that there was this huge turnover which at one stage was 40%. If you don't want to believe what other people tell you the figures themselves tell you something. If you have got a business in which people are living at the rate of 40% there must be something wrong with it, no wonder they have got to give them all these inducement allowances to come into the yard. I suppose if they had offered all the locals rents and electricity and water and telephone the 40% wouldn't have left. There is still a big chunk of skills from the Naval Dockyard particularly in the steel shop and in the fitters shop and the electrical shop but we have lost a lot of good people because, frankly, the place became intolerable, it was impossible, the atmosphere was so bad.

I think it is true to say that that part of the negative climate was, in fact, altered when Torsten Andersson came in. I don't think the fact that we don't agree with A & P Appledore and we don't agree with the way the yard is being run or has been run till now doesn't mean that one should detract from the personal qualities of the man and the fact that he introduced a much better atmosphere in terms of the working environment and the flow of people out of the yard declined after he came and therefore it meant that really that has had an element of the improvement in output and in efficiency in 1986 and in 1987 because, of course, if you keep on getting new people in and by the time you have trained them to use particular pieces of equipment or even to find their way about the yard, there is a loss of efficiency in newcomers just until they get used to going to stores and knowing when to get in and so forth and if by the time they are really familiar with the place they go and you start all over again, clearly, there is a penalty to be paid. That which was an element before is now gone and therefore, Mr Speaker, it seems to me that the indications that I have given by reference to the accounts, the cases that I have given by reference to the original proposals, the improvement in the climate that has already taken place and the figures for the first six months of 1987 when everything was supposed to be ticking over well, all indicate to the reality that the yard is incapable of sustaining a workload and a workforce of the size that was originally envisaged certainly and possibly of the size that exists today. That is a reality, I think we all have to face that reality and I think we must, in fact, say to the people there that it's a reality which whether we like it or not is there. But it isn't enough to say that to them and it isn't enough to say to them: "It is the management who will decide what is going to happen next" and certainly it would not be enough to say: "We are going to start cutting costs at the bottom and we are going to leave behind all these people with all these extras and inducements". Logically, if you are going to reduce costs then you start reducing costs by localising and replacing your most expensive people which are the expatriates and doing it with local people. We have no doubt that there is still a potential for those skills to exist in the yard. We have, of course, suffered I think in the yard from two elements. One is that the tendency to stay today particularly from people who can progress up the management ladder is seriously negatively affected by the uncertainty. That is, if people say: "I have got prospects of promotion in GSL but how long is GSL going to be in existence?" Therefore they tend to go elsewhere and you lose potential management people that way. The other thing is, of course, the point that I made earlier that the expatriates themselves have done very little to pass on those skills because, in fact, it is in their interest to demonstrate that they are indispensable. Those two elements are there and have to be recognised and may create problems. Therefore, Mr Speaker, the situation is what is going to happen in 1988 that at the end of the day, certainly the people working in the yard will be expecting to have an indication of from

this House. However, we are noting the accounts for 1986 and we have already been told that in 1987 the situation is that we are with a loss of £3m. The Government has in the past said they would not provide subsidies to meet the running cost of the yard or the wages of the yard or whatever. And when they were saying it recently they quoted their inability to do it; even had they wished it, by virtue of the prohibition of the EEC Directive which my colleague mentioned at Question Time and on which we have been told that in the opinion of the Department of Trade and Industry and the Foreign Office, nothing that has been done so far conflicts with the requirements of this Directive.

HON CHIEF MINISTER:

If the Hon Member will give way. In that paper that he was referring to, we did not and I said, I think, quite clearly here, we were not hiding behind the EEC Directive for our decision. It was an additional reason that was given. We were not saying: "We wish we could give you money but the EEC won't let us". We haven't said that because the day we decide, if it is necessary, to give money we will seek the approval of the EEC if it is necessary.

HON J BOSSANO:

If the Hon Member checks back when Hansard is published he will find that I had, in fact, not said what he thought I had said. I had said that even had they wished it it would appear that they couldn't do it but they didn't say they were not doing it because they were prohibited. What I said was even had they wished it, it did not appear to be possible according to this Directive. In fact, the Directive requires seeking of approval and it says 'the circumstances under which aid may be granted for shiprepairing'. And in terms of investment aid, I don't know whether what we have done in cranes and docks and so on are investment aid or not, I don't know that, but I know that under this Directive it would seem to me prima facie that if one wanted to give GSL money to buy a new crane now or to do a new slop barge - though why should anybody want them to have another slop barge I wouldn't imagine - but if we wanted to do it then it would seem to me that we couldn't do it because it says: 'Investment aid may not be granted for shiprepairing unless linked to a restructuring plan which results in an overall reduction in shiprepairing capacity'. That is to say, we are not just talking about people being made redundant because that doesn't reduce the capacity of the facility, Mr Speaker. What we are saying is the Government of Gibraltar provided £4m of ODA money so that the capacity of No.1 Dock could be increased. That is what we have been told in the House, bigger ships, panamac size ships could be taken in now which could not be taken in before by lifting the floor and removing the shoulders of the docks and that increased the capacity of the dock. According to this Directive what you have to do is to give money to fill in the dock and reduce capacity.

So this is intended as, indeed, other derogations from the Treaty are intended and that is the importance, of course, the Treaty prohibits subsidies because it interferes with competition but it recognises that there is over capacity in Europe. There is over capacity in steel and there is over capacity in shipyards so it says 'because there is over capacity we will allow people to derogate from their obligation and give subsidies in order to reduce capacity' and that was done in 1981. This Directive passed in January, 1987, was to continue that derogation because the derogation was about to expire and there is still over capacity. So what we had was a situation in the European Community where in 1981 the European Community said 'Community partners may actually give subsidies to dockyards to help them convert out of shiprepairing and into doing other things and they may be allowed to do that for six years and then in six years' time we will find out whether supply and demand in ship-repairing capacity in the Community has more or less balanced'. And what they find in 1987 is that it is still out of balance, that although there has been a shrinkage in Europe the demand has also declined and therefore they are extending the period during which Governments may provide money to shiprepairing and shipbuilding facilities within their national frontiers in order to close down shipyards. The extraordinary thing is that the Government discovered this in 1987, presumably, because we discovered it when they brought public attention to it but it was in 1981. In 1981 when everybody in Europe was conscious of the fact that there were too many shipyards and that you had to give subsidies to close them, we decided in Gibraltar to have a subsidy to open one. I suppose it is symptomatic of how we are constantly trying to catch up with the rest of the world and never making it. When everybody had got round in the 1980's to closing down shipyards, we got round to doing what they were doing in the 1960's, opening them and we went into a programme of investing money in a facility publicly defended as eventually intended to do more ships and employ more people than the Naval Dockyard had ever done, that was the programme although everybody else was closing them and the Directive of the EEC said 'You are not allowed to spend taxpayers money in opening new ones when other people are closing them'. Of course, the Board of Trade may be satisfied that we have done nothing which is in conflict with EEC requirements.

HON CHIEF MINISTER:

If the Hon Member will give way, I don't think it is as simple as that. First of all, it wasn't done here, it was done in England with ODA money and the matter was well cleared for obvious reasons and for the reason that there was going to be £14m worth of naval work and the Directive does not apply for as long as work of a defence nature is taken.

HON J BOSSANO:

I am grateful to the Hon and Learned Member because in this particular Directive of which I was provided with a copy by the Office of the Deputy Governor, there is no mention of military work or naval work at all but I shall check the original because, of course, this Directive replaces the 1981 Directive and it may be in the 1981 Directive. But in this one it is very clear that it says, for example: 'Aid for closures', the kind of situation we have got now. 'Expenditure incurred for the redevelopment of the yard, its buildings, installations and infrastructure for use other than shiprepairing'. So, in fact, what the Government is permitted to do now is to say: "If we are going to have a factory producing containers or whatever but, in fact, there is going to be investment to diversify from shiprepairing into something else, this Directive specifically mentions that as a condition in cases of closure or reductions of capacity". Therefore we now have a situation where what we may want to do with the yard, which we still don't know, or what we may be able to do it would seem to me may have additionally to go through this hurdle now that we have discovered that it exists, of having to be reported to the Commission and having to get the approval of the Commission and I don't know whether our fellow Europeans on the other side are able to influence any decision that the Commission may have to take in relation to any investment we want to do in GSL like they seem to be able to influence every other Community decision when it comes to Gibraltar, but no doubt they will be able to say: "Just a minute, there is something very important about the situation in Gibraltar". Spain and Portugal under Chapter 4 of the Directive have got derogations specifically which we haven't got. They are allowed to do what we are not allowed to do during the transition period and therefore it would be very odd if they didn't immediately pick up that anything we are doing here must not be something that interferes with what they are doing there in Puerto Real or in Cadiz or wherever, they are entitled to raise the matter under Chapter 4, Article 9 because it says that they have got special consideration as part of the entry into the Common Market and as part of their transitional provisions like they have in other areas like the common external tariff and so forth. Clearly, Mr Speaker, we are in a situation where matters that we raised in the earlier part of the House at Question Time have a direct bearing in looking at the accounts of GSL for 1986 and at the situation of GSL in 1987 and the somewhat cloudy future for the company and its employees for 1988. And it is quite obvious that the idea of saying: "Fine, a motion will be brought to the House which the Hon Financial and Development Secretary has already circulated saying 'We approve a guarantee to Barclays Bank that they should lend GSL £1m' and it means, of course, that if GSL goes bust the Government has to pay, presumably if there isn't enough money left to meet all the creditors if the company were to be put into liquidation. I must say that the audited accounts of the company, of course, do show that the company has got very

substantial assets by the standards of Gibraltar companies to my knowledge. They have got in their balance sheet, Mr Speaker, total assets of £12m at the end of December of which fixed assets are £10.2m and no debt, no loan capital other than the £1m loan that they owe the Government which everybody knows they are never going to repay. £1m is due to be converted into shares at some stage but we don't know when. In looking at the accounts for 1986 which we are being invited to note, Mr Speaker, I would submit that this is not a weak balance sheet in commercial terms. If Barclays Bank does not feel confident that it can grant a £1m overdraft to a company with net assets of £12m how do they manage to lend money to anybody in Gibraltar? Who else has got net assets of £12m in Gibraltar? What, the local tobacconist? It is certainly very odd that the company should require to have its overdraft facility guaranteed by the Government. That is to say, in spite of the fact that we are in the middle of a banking boom with eighteen banks already in operation not one of them will lend GSL money. All I can say is they must be very sceptical of the accuracy of the audited accounts we are being asked to note.

HON CHIEF MINISTER:

Or worried that the performance of the yard will not justify the payment and having to mortgage the assets or levy execution on the assets which is something that the banks don't like to do in their normal business.

HON J BOSSANO:

I know they don't like to do that but I am sure the Hon and learned Member who knows much more about the business community than I do, must know professionally that three-quarters of the business community is precisely in that situation with their assets mortgaged to their eyebrows. They may not like to do it to GSL but they seem to be prepared to do it to everybody else.

HON CHIEF MINISTER:

But producing benefits.

HON J BOSSANO:

Yes, Mr Speaker, but you have got a situation where you have got a company which is 100% Government owned. The Government has already given an extraordinary example of beneficence by paying off the debts of its other Government owned company even without guaranteeing them. It gave a subsidy of £1m to the Gibraltar Quarry Company to pay off its creditors after the thing had been closed down and the process of liquidation had already started. That seems to me to be an indication that with such generosity on the part of the owners

of a limited company a bank is on safe ground and we are talking about a company, okay; we may be saying that it might mean having a charge on the assets but after all it is not unknown for companies to be able to raise money on fixed assets very near the cost of the asset. What I am saying, Mr Speaker, is that it isn't just a question of the Government being pushed into the giving of a guarantee to Barclays Bank but if GSL doesn't repay the £1m loan the people of Gibraltar will, the Government will and therefore the people of Gibraltar will. Has the Government asked the company whether they have gone to any other bank? What I am saying is if we are going to note the 1986 accounts and we are going to take the job seriously then I would say, quite frankly, the 1986 accounts show a company making an operating loss which is £1m higher than anticipated but it also shows a company being on target in terms of its labour cost, certainly its domestic labour costs, it shows the company being on target in its sales and it does show, of course, that the company has got a level of overheads which Price Waterhouse pointed out and which, of course, is the direct result of the miscalculation on the part of the company about the size of the operation. If you build up a company which is intended to have 1,200 people and it is going to have £20m then, clearly, you have an element of overheads which you then say you are going to share over that operation. If the operation shrinks to half then proportionately your overheads per unit of output doubles and that is part of the problem that they have got. Let me say, Mr Speaker, in looking and noting these accounts, that there is another element which needs explanation and which the Financial and Development Secretary has not mentioned in his introduction which is the question of depreciation. Although the charge for depreciation is shown at £700,000 as opposed to a predicted £400,000 and part of the reason for that is, of course, the overrun on the costs of things, that is to say, since the slop barge has cost much more the depreciation on the slop barge is that much higher because you are depreciating it over the intended number of years. But what was also mentioned in the A & P Appledore May, 1983, study and which has not been mentioned since and which is very important because it is an indication of an understatement of the true cost of the operation and which would indicate that the performance is even worse than the accounts shown, is the depreciation for assets that were either gifted by the MOD or purchased by the Gibraltar Government without being part of the company's share capital. That is to say, if we look at the accounts and we look at the last page, the supplementary estimates, we have a breakdown of expenditure on Government owned assets. You will recall, Mr Speaker, that when we had the original Bill here we had a situation where there was a clear anomaly in that although the Government was going to own some assets and spend money on them, they had to make every disbursement from the Special Fund applicable for the purchase of shares and I think it was the Hon Mr Hull, who was the Attorney-General at the time, who actually recognised that and amended the legislation to correct it so that it would do what they said they were doing. We then have a situation which is shown there where we have got, for example,

the cassoon hauling equipment where the Government has purchased that for £106,000. If the company had purchased that for £106,000 and if that has got a ten year life that would have shown £10,000 more of depreciation and depreciation instead of being £0.7m would be £0.8m and the loss instead of being £3.3m would be £3.4m. But, of course, the fact that it isn't being depreciated doesn't mean it is not depreciating, it is being used up and therefore A & P Appledore said that although some equipment would be bought by the Government and not by the company and some equipment was being gifted by the MOD and would not show up in their balance sheet, nevertheless provision for its replacement would have to be made obviously. If you have got a situation where you have got a crane or tools or whatever that were given by the MOD and had a certain value they don't appear on the balance sheet, they don't exist. Had they been put in the balance sheet the using up of that value in the course of the business is part of the cost of sales and would show up as additional loss. It would not mean a problem of cash flow, there would not be any movement of funds but at the end of the day, in fact, the position would look worse because, in fact, you could decide not to depreciate anything and then instead of having made a £3.3m loss you would have made a £2.6m. The reason why you have to depreciate is so that eventually you have got enough money in the kitty to be able to buy the crane when the crane stops working or the lorry or whatever. That is an important unquantified element which is not reflected in the 1986 accounts, was not reflected in the 1985 accounts and I did mention it in my contribution to the 1985 accounts, was mentioned in the May, 1983, A & P Appledore proposals and requires an answer. Because if we are going to take a look into the future then we need to know, Mr Speaker, that the next projection made is a projection that leaves no loose ends. I think the last thing that people want to go through in GSL is the experience of being told today: "We have now got a new business plan, a new project, provided you cooperate in these changes and those changes", there is going to be so much of a loss of jobs and then in three months' time we are back to square one, another crisis, more uncertainty and another new restructuring. I think people don't want that and therefore the thing has got to be done very, very thoroughly and the work has got to be done of going back and checking and if something is said today which is in conflict with something that was said yesterday then somebody has got to explain which of the two is wrong, they cannot both be right. And I would submit to the Government and to the House, Mr Speaker, that in fact the GSL accounts understate the level of loss although not in a way that will affect the cash position of the company but in the way it would affect the real cost of production of the work that has been done. And, of course, if that has happened with £12m of work in 1986 then we have to say to ourselves if, in fact, in 1986 the yard lost £3½m and we must not forget points that I made in relation to the 1985 accounts which, again, the Hon Financial and Development Secretary drew our attention to table 9(5) as I said earlier, which showed the company's projection for

expenses and gave us a table showing the expenses today. The Hon Member gave us a breakdown of expenses and drew the comparisons between the original ones and now where he mentioned, for example, the fact that there was a £1m in indirect labour which hadn't been there before. Of course, if we look at table 9(5) in the original A & P Appledore proposals, which I don't suppose many people have, Mr Speaker, there is a situation where rates, for example, should have cost the company according to GSL's projections, £½m a year from year one. In practice what we have is a situation where, I think nothing was paid in 1985 and £53,000 was paid in 1986. By now the rates would have cost them £1m, not by now rather by last December, by now it would have cost them £1½m. That was built into the projection of expenses. So what we find is that it isn't a question simply of saying the expenses are £5.3m and they were projected to be £3.3m and we have to explain £2m, no, we have to explain much more than £2m because the £3.3m assumed that we would pay £½m in rates and we haven't paid £½m in rates in GSL, we have paid £60,000. They assumed that we would have a tug the fuel of which would cost £200,000 and we haven't got a tug, they also assumed we would have spent £1m in buying it and we haven't bought it, of course. There was a sum of money of £400,000 for employees' welfare costs which was the provident fund. That means that by the end of this year the original projection was that the cost of the provident fund to the company would have been £1.1m and we have been told in a question yesterday that £½m is going to be put in, a discrepancy of £600,000. What we have is a situation where identifiable elements of cost of the order of £1m can be eliminated from the A & P Appledore projection of 1983. Consequently, on that basis the expenses should not be £2m but £1m less so the difference that needs explaining is the £3m, not the £2m. All this indicates, Mr Speaker, that, in fact, the least variable elements in all their projections and there are hundreds of figures and we can go through them one by one and keep on ravelling them but what sticks out a mile, and that is the important point that cannot be forgotten and the point that I thought the Hon Financial and Development Secretary might be trying to get us away from with his opening remarks and his comparison of labour costs and his comparison of subcontract, the closest approximation of all the figures that we have got in all this volume put up by A & P Appledore in May, 1983, is sale and labour costs. That is where the least deviation is and the two crucial elements but, of course, with the added safeguard that the labour cost is everybody's cost, from the Chairman of the company to the office cleaner, we are including everybody there in labour costs and clearly there are things there that we disagree with very violently included in that element. But even then, forgetting that, the real nigger in the wood pile is outside because even if we forgave them the rates and the telephone and the inducement allowance and the rents and the air fares and the postage stamps and all the other things that the thirty-odd expatriate managers have been given all of which

comes within the manpower cost of £7.3m, it is all covered by that and the important figure is in a comparison we have been given, Mr Speaker, is that we are netting out £3m from manpower costs and £3m from sales and forgetting subcontractors and forgetting the sales generated by subcontractors, we then have £7.3m and £7.3m. Even then we have got in the £7.3m shown in this year's accounts, we are including the money of the Pension Fund, in the £7.3m in the Appledore projection we are not including the money of the Pension Fund which is included as part as the expenses of £3.3m. It means that really the loss way above the projected figure has to be explained by reference to non-labour costs. Although we have got these facts that we can tackle in terms of an unnecessarily large number of expatriates with very generous conditions, before even we tackle that, it is the rest that needs to be explained. Why it is that non-labour costs were more than sufficient to swallow up the difference in extra sales generated over and above the projected figure. No explanation has been made by the Financial and Development Secretary to try and explain that quite legitimate conclusion from analysing the accounts for 1986. It was pointed out in relation to the accounts for 1985 and therefore I would submit, Mr Speaker, that if the Government cannot explain it for 1986, did not explain it for 1985 and are not going to be able to explain it for 1987, what chance have they got of getting it right in 1988 if they are not even looking in the right direction? Unless the Government is able to tell us why this huge discrepancy in non-labour costs exists and what is the explanation for it, frankly it is a waste of time asking the House to note the accounts. I am grateful to the Hon Member because he has given us a lot of detailed breakdown of figures which will be very helpful to us and which we will clearly need to devote some time to. Having just had them when he was speaking I am not able to give him my reaction to the detailed breakdown of figures that he has given me this is why I have had to make my contribution somewhat short and superficial, Mr Speaker. However, no doubt we may have another opportunity between now and the end of the year to come back to tackle the problem once we have digested the figures that he has provided me with and then I would perhaps try and do justice to his contribution. Thank you, Mr Speaker.

MR SPEAKER:

We will now recess for tea.

The House recessed at 5.15 pm.

The House resumed at 5.50 pm.

HON A J CANEPA:

Mr Speaker, during his intervention the Financial and Development Secretary has concentrated more on what I would term the fundamental problems as seen in commercial and financial terms which underlie the picture that is presented by the 1986 accounts for GSL. I propose myself, Mr Speaker, to concentrate more on what I would term as the political and industrial relations aspects of these problems. Sir, it is only right and proper that there should be serious debate in this House whenever we consider the annual accounts of GSL and its overall performance, both past and projected. And the reasons are obvious given the prominence which the shipyard acquired politically during the last general election and the major contribution which in spite of all the problems and difficulties it makes to the economy as a whole. It is also natural, Mr Speaker, that the House should wish to pose, discuss and debate the major issues which surround the affairs of the company. For its part the Government has spelt out what it considers are its responsibilities having regard to the commercial nature of the operation. The Opposition prefers a more interventionist line and that, in essence, summarises what the approach or the background to this debate should be. I say should be, Mr Speaker, because I do have and, therefore, I must express doubts about the political motive or objectivity of the Opposition every time that we discuss GSL. The record of the proceedings of this House clearly shows that the Government is constantly bombarded with questions on GSL which range from the relevant such as, for example, the question of naval work, commercial sales, employment levels, etc, unfortunately to what one might term the ridiculous with questions as to whether GSL, for instance, should or should not purchase a portable electricity generator, something very much a requirement these days. To add spice, I suppose we have the regular tirade of questions on what I would call the running sore points which usually centre on the issue of expatriates and their remuneration, singling out from time to time and depending on populist appeal either the Managing Director or the Chairman. Today with the unpopular Brian Abbott having left and a much more human down-to-earth Torsten Andersson having taken his place and therefore not being the same object of personal criticism as his predecessor, it is the Chairman who is having to bear a great deal of the brunt of the attack I want at this stage, therefore, to say a little bit about the figures, the question of costs which were the subject of a number of questions yesterday morning and to which the Financial and Development Secretary has referred later on this afternoon where he has provided the relevant figures for 1986. But I think that what emerged from the questions yesterday and this is evidenced by press reports this morning, is the impression given perhaps inadvertently or gathered in answer to questions, that the figures relate to annual cost rather than, in fact, the proper context which is that the figures relate to costs over a three-year period from

near the end of 1984 when the yard first started operations, in late 1984, up to September, 1987. Therefore the figure for expatriate allowances in respect of rent, electricity and water of £418,000, I think one has got to stress that this is the figure for three years and not the figure for one year. These benefits are not part of the inducement allowances. Technically they are benefits in kind, they were never envisaged and nor are they exempt from payment of income tax and it is therefore up to the Commissioner of Income Tax to pursue this with the company and/or the individuals. Insofar as the inducement allowances which amount to £955,000, again, this relates to a three-year period and I think that it is important that, for the record, that should be said because otherwise it is very easy to go away with the wrong impression. Let me make it clear at this juncture, Mr Speaker, that I share much of the criticism that is laid at the door of GSL and its management and I have, on numerous occasions here in the House and publicly, made reference to that. I have made such criticism, perhaps in more strident terms than the majority of my colleagues with the notable exception perhaps of Major Dellipiani who is even more forthright and more blunt than even I am wont to be. But I do not pursue this as a vendetta, it is not for me an obsession or what could virtually be termed a political witch-hunt. GSL may be and is, no doubt, riddled with problems and deficiencies but, surely, there has to be some respite, there has to be some concern for building a future in that yard. There has to be some constructive thinking, some genuine regard for the welfare of those who work there and, ultimately, whose livelihood is at stake. If the company attracts a high level of commercial sales against all the odds as it has done not just the period under review but from about the middle of 1985 onwards, it is accused of bringing in ships at below profit. If it doesn't bring in the ships it is accused of failure, of wanting to run down the yard and to cut employment. If it employs 800 persons, as it does now, it is criticised for having too much of a large scale operation. And when it announces that there are plans to reduce numbers it is attacked for not meeting targets and it is faced immediately with blacking action and a strangle over its income and hence its solvency. And if the yard doesn't have income and if the yard becomes insolvent, it is that which becomes the immediate cause for closure which was the situation we were faced with during the summer. If there is a claim for a pay settlement it has been set at 40% as it was recently and it is then pushed to the ground, to the very edge of closure and the company is told to go to the Government for money and then when untold damage has been caused and a settlement has been struck the yard is pilloried for not bringing ships back into the yard in spite of the adverse publicity and in spite of the bad reputation which it has acquired in recent months in international shipping circles. No sooner was the pay settlement agreed and signed that within weeks the company is once again thrown into industrial unrest. And whatever the cause, whatever the reason, the fact is how can any commercial entity operate

let alone survive under that kind of sustained attack and pressure? I repeat that I do not exonerate management from blame but if we are told to sack the managers we must ask ourselves 'Is that going to solve the problem?' If we are told that the Government is to blame, that we do not care, as Mr Bossano said, we do not don the blue overalls and go down there to see for ourselves, well, let us hit the Government and let us sack the Government if necessary. But what remains to be seen is whether that also is going to solve the problem. Whether that is going to bring in the ships, whether that will cure the managerial problem, whether that will restore peace and stability in the yard. Let no one delude themselves into thinking that without industrial peace there can be a shiprepair operation. And who gains from all this? Is it the workforce that gains, is it Appledore that gain, is it the Government that gains, is it the union that gains? No, Mr Speaker, this is industrial suicide and the only winners are the Portuguese, the Maltese and the Spanish yards which are getting the business which rightly ought to be going to Gibrepair. It begs the question, Mr Speaker, and after a lot of careful thought and deliberation I have to pose this question. Can we be certain that there is no fifth column within that yard, be it within management and/or the workforce that is put there, possibly paid to be there to ensure that GSL faces instant turmoil? A lot of people in Gibraltar are asking themselves that question. Mr Bossano said that the people of Gibraltar and the workforce look for certain answers from Government. There are a lot of people that also ask themselves that question. What is wrong with that yard and they no longer look and they no longer think that the answer is a straightforward one of a neocolonialist expatriate management which treats Gibraltarians as if they were natives in the Belgian Congo. We don't all move in the same circles in Gibraltar but public opinion in Gibraltar is not monolithic. There are various facets of public opinion and Hon Members opposite should also ponder on the reality of what I am stating because it is not something that I am making up or that I have dreamt about, it is a question that a lot of serious minded people are asking themselves in Gibraltar because that shiprepair yard is important, because it has got strategic importance moreso in a situation in which last year there was turmoil in international tension in the Mediterranean and in a situation this year in which there is also international tension in the Persian Gulf and that yard is important to repair the ships of the Royal Navy. I am not looking for chimeras, for skeletons in any cupboard, I am pointing to the reality of international power politics as it can affect a base as strategically important as Gibraltar is today. Turning to, perhaps, the more mundane matters, one glance at the results for the first half of 1987 shows that the yard can handle a reasonably high level of turnover. It shows that the yard can wrestle and overcome day-to-day problems between the management and the workforce. That it can break even or even produce some profit, that productivity is good and that it improved. In short, Mr Speaker, I think the lesson of the first half of 1987 is that there is real hope that

that yard can have a viable future. Admittedly, during that period there was a large input of naval work but it was, nevertheless, still a test of the company's ability and of its capacity to produce results. And the results were good, there is no question of that and they showed that the management and the workforce together could deliver it. It showed that there was a sense of realism and faith in a yard that with all its faults, nevertheless, does have promise. But I wonder whether that suited those who perhaps are hellbent on destruction or in proving that GSL cannot work. At the end of the day, Mr Speaker, the important issue is to keep the shipyard alive, the important issue is to keep as many people as possible employed to run a commercial operation for the benefit of those in the yard and for Gibraltar as a whole for, in the final analysis, what is the alternative, Mr Speaker? If we don't want closure of the yard what is the alternative? Or if the yard were to close what is the alternative? What do we do with the facilities there? We sell the cranes and the equipment, we use the docks as what, as a marina, perhaps, or do we fill them up? Having been hewn out seventy or eighty years ago and once again enlarged, do we fill up the docks? Is that the alternative and use the land for what, for a tourist complex? Is that what we ought to do with a facility that is so well situated geographically and which to acquire would require such huge capital expenditure? I don't think so and I don't think that we can expect in that scenario of an alternative user which is not a shiprepair facility, we can expect that the labour force should be retrained in order to get employment in a new venture, in a new enterprise of a completely and radically different nature. I don't think that that is the solution to the problem. Therefore, Mr Speaker, I think that the yard has to continue as a shiprepair yard. I notice a certain amount of realism on the part of Mr Bossano nearer, I would say, in the last quarter of his speech when he did speak about certain realities, about talking together and discussing the problem and in the context of these realities. The reality is that the yard cannot be kept operating at any price as it is structured at the moment, that there may have to be adjustments, some may be painful involving perhaps less people employed but it doesn't have to be 180 or 200. Regardless of what Torsten Andersson has said and, incidentally, Torsten Andersson I don't think has got much authority, at this stage, to quote those figures because what Torsten Andersson and management have got to do is to produce a business plan to go into a restructuring exercise for referral to the Board. It is the Board that has got to consider the matter and take a policy decision and then come and discuss the matter with Government. The timing of the statement could hardly have been worse, it shows I think that even someone as with all the goodwill of Torsten Andersson perhaps doesn't realise the political sensitivities which the matter has. I think it was most unfortunate that that kind of statement should be made without proper backing and without the proper authority but then one of the problems which GSL has is that it has, what I would term, a management with too little responsibility and too much power and perhaps a Board with

too much responsibility and not enough power and that is why we get statements of that nature being made this morning and reported in the lunch time news. Whatever is done in any restructuring exercise has to be carefully planned, discussed and properly negotiated but I think that if those negotiations which are not going to be short, I don't think they can be carried out in a day or two, if they are going to lead to the optimum solution they have to be free from the threat or from the reality, from the presence of industrial action. There may be a need, Mr Speaker, for further Government funding and I think the Government would be prepared to consider that. What the Government cannot do simply is to give a blank cheque. The Government can and will respond to sensible or realistic business targets that will consolidate the company's prospects for a viable future. That, in essence, was what the Price Waterhouse spoke about, that is what prompted the Government into agreeing to contribute £2m to GSL this year but above all there must be a real commitment to make that yard work. As I have said already, Mr Speaker, I was encouraged by the proof earlier this year, the commitment and the results appear to be there. I am convinced that management and the workforce during that period showed real evidence of that commitment and we in the Government have that commitment too and I am glad to hear that the Opposition today accept that GSL is or ought to be here to stay and that even if there were to be a change of Government and in spite of the stand which the GSLP has taken in the past on the matter, they would not go on a wild-goose chase looking for alternatives to make alternative use of the facilities in the shiprepair yard. We may disagree about the way in which that commitment is put into practice and what it may be costing the public purse. That is the sort of thing that is a reasonable basis for debate and for discussion but I have serious misgivings about the extent to which the commitment exists on the part of everybody concerned with the yard and I am very much afraid from the evidence of the last six or seven weeks, Mr Speaker, that there are some who virtually at the drop of a hat thrive on resorting to industrial action and to the serious damage which it is doing to their own employment prospects and to their own means of livelihood in the context of a company which had only barely started to establish itself in the market. Shiprepair, Mr Speaker, has been a political football for far too long. It requires a breathing space if it is to survive and if it is to develop and the wellbeing and the livelihood of many Gibraltarians who depend directly on it and indirectly on it as well, I think require that we should not put that at risk for political ends. Political will has to be exercised to provide the means for Shiprepair to have a future and not to prove the rights or the wrongs of an economic theory of you or, indeed, of a particular political philosophy.

HON. M. A. FEETHAM:

Mr Speaker, I was not going to address the House on this issue. I was going to leave it to my colleagues, the Leader of the Opposition and Joe Pilcher who deals with GSL matters but having heard what I consider to be a very disappointing delivery from the Hon Member, Mr Canepa, I feel obliged to stand up and answer some of the points that he has made because, clearly, his delivery is completely out of touch with the realities of the situation. In fact, he hasn't addressed himself to the problems which exist today but has contrived a speech which I think is based more on a party political address to the electorate, to the electorate which is going to be there in a few months time in the hope that he can gain something out of the complete fracas of the politics of the AACR Government. He started off by saying, Mr Speaker, that he was going to devote himself to the political and industrial problems and quite rightly so because we are fortunate in the House to have such a capable Member with such great capacity for the economic factors involved in the problems of Gibraltar, as my colleague Joe Bossano and we have also got a Financial Secretary with whom I differ on many, many occasions but today he has been very honest in giving us the economic situation of GSL based on the projections of Appledore and that sort of comparison is what we should be dedicating ourselves to today and leave it to the people who understand the problems and then try from there to come to political conclusions. We have Mr Canepa coming out with all sorts of nonsense about, for example, fifth columnists being in the Dockyard. I ask Mr Canepa and I challenge Mr Canepa to tell this House who is being paid in the Dockyard to sabotage the Dockyard? Otherwise if it is just a red herring he should not say that sort of thing because that is implanting in the minds of the people of Gibraltar that there are people paid inside the Dockyard to sabotage the future economic wellbeing of the people of Gibraltar and that is irresponsible of Mr Canepa. Mr Speaker, let me remind Mr Canepa of the political considerations insofar as the Gibraltar Shiprepair Company is concerned because that is what he wanted to start off with, he said 'I want to devote myself to the political aspect' and it is a political aspect because the whole thing, and this is what he fails to understand, is that the Opposition is responsible for monitoring the policies of the Government and for seeing that the Government is adhering to what they were saying was going to be their policy in respect of GSL and it just happens that GSL and the projections which have been there have failed and it is as simple as that and the Government have to understand that A & P Appledore's projections have failed completely and miserably. And, secondly, the management which they appointed have clearly failed in their functions as managers and the result of that is that we have to make a political decision and decide what is the best future for Shiprepair now because it has to redress its efforts. But what Mr Canepa will not recognise because politically it doesn't suit him to recognise, is that, in fact, what the

GSLP were saying at the time that they accepted the package as being a generous package in itself insofar as Appledore and the future shiprepair company was concerned, that we were saying what was needed was a smaller type of operation taking in the ex-Dockyard employees who were already trained, who were already experts half of which are not there anymore because they have left and we have lost them and restructure the expenditure in that company to meet specialised work and the realities are that that is what they have to do tomorrow. That side has got to start doing that now, Mr Speaker. That is what Mr Canepa, Mr Speaker, has to admit now. If he were to admit that which he is not going to admit, then perhaps we could begin to look at the problems because, clearly, Mr Speaker, my colleague has come out with all the facts point by point insofar as the efforts of the workforce is concerned and the issues surrounding the industrial disputes which has not affected the performance of the company. On the contrary productivity is up, the performance is up and my colleague, no doubt, will have plenty to say about that. If these things are recognised I believe, as I have always believed and maintained from the word 'Go' there is a future for the Gibraltar Shiprepair Company but it has to be based on a more rational approach to the problem which they did not accept from the very beginning, Mr Speaker. Mr Speaker, if there is this need now, which is what Mr Canepa is emphasising which, incidentally, as I am reminded by my colleague, we have been saying so from the very beginning, if there is a need to we accept but it has to be a genuine recognition of the total failure of the AACR in setting up the company under the existing structure as a pillar of their economic policy which has miserably failed and the moment they accept that reality I am sure that we can forward on both sides of the House to save the jobs of those people because it would be criminal, totally irresponsible of the Government at this stage to accept redundancies because of their failure and they have to resolve the problems, Mr Speaker, of those people who at the moment are facing redundancy in the yard.

HON CHIEF MINISTER:

Well, after that impassioned and irrelevant address by the Hon Mr Feetham, I would like to address myself to one or two matters of substance and let me say that I will not go into the question of the accounts, I think as, in fact, the Leader of the Opposition has accepted, the information given by the Financial and Development Secretary has been very full and there are quite a number of matters that have been cleared up since then. I would like to address myself to the main issues which will determine the way ahead for GSL. I think that, as far as I am concerned, is the proper way which we should consider this matter and how we ourselves see the situation. Unfortunately, Mr Speaker, once again this year GSL emerges battered from another costly and damaging industrial dispute over wages, surviving the poor state of communication and understanding between management

and workforce. As shareholders of GSL the Government cannot hide its frustration in seeing such a major industry caught up in a continuous stop-go situation. It is almost as if the fierceness of competition of the market within which GSL has to operate increasingly is dwarfed by the fierceness of disruption inside the company itself. That is no recipe for survival let alone success. Mostly, if not all the time, we are all overcome by the heat and passion of arguments about who is paying what, who said such and such to so and so and who should go and who should stay and so on and yet we fail to recognise or understand that none of this will help build or strengthen the stability and reputation of the yard that perforce has to look to the outside world for its real bread and butter. The shipping market does not stand still waiting for all of us to argue out our differences, eager to forgive and forget. I say this because collectively, and I include the Government, of course, we must have a sense of realism and perspective if we are to secure a future for the yard and for those who depend on it for their livelihood. I would like to say that the thoughts I am expressing now are the thoughts that I had before the petition was presented and whilst I will deal with the substance of the petition at a later stage, I would like to draw the attention that the thoughts that I have now are very much on the lines of what I will reply to the petition but these notes were prepared before the petition was presented a few hours ago at half past ten this morning. Let me therefore deal, first of all, with the Government's view on the internal problems at GSL and I will then go on to say something about what we consider to be the approach it is facing, the external factors which are crucial to the viability of the yard. The lessons of the past two and a half years are clear, the Government is seized of the difficulties which the management need to overcome. It is also well aware of the problems and frustrations which have beset the workforce. The relationship between the Board, the managers and the workforce is fragmented, attitudes have hardened. Looking at it coldly and objectively the Government considers that the situation can only be redressed and improved if there is a fundamental change in the terms of the management agreement. The GSL Board must be given teeth and greater control over the overall operation of the yard. Admittedly, the Government accepted the existing management agreement at the time of commercialisation on the advice of experts in the field drawn from the shiprepairing and commercial world and economic world. The Board of GSL as my colleague has said, Mr Canepa, has in effect too little authority and too much responsibility and the management has got too much authority and very little responsibility. I think that is the crux of the difficulties that have been encountered and that is why we feel that the best way ahead is the procedure that we have adopted. I was very saddened, in a way, to hear the rather, not offensive but remarks that were not, I think, in keeping with the facts that I said at the beginning who we have entrusted with the renegotiation, Michael Casey, because looking back at the time when we had the first problems, Michael Casey's assessment which was an assessment accepted after all the agreements

had been made and let me also say, because I think this is very important, we hold no brief at all for the managers of Appledore, very much the opposite, we are very critical. But let me say, as I think I have said before in this House, that the British Government and this is a judgement that I have drawn and it has not been told to me in so many words but I have it from the highest authority in this matter that the money available for the development of the yard would not have been forthcoming from the British Government if anybody else had been appointed managers of the yard.

HON J BOSSANO:

Is the Hon Member then saying that the tender selection was a farce?

HON CHIEF MINISTER:

No, of course it wasn't but once the tender selections were looked at I can say and, I think, my colleague will bear with me, that at the very top one of the greatest assurances given to us on the basis of the help that was going to be given was that we had the top managers to run a yard. It may be laughable matter now but it wasn't at the time when none of us knew what would happen, it is very easy now and I am not saying, let it be quite clear lest my language is misunderstood elsewhere, I am not saying that that is a correct assessment, I am saying very much the opposite but I am saying that at the time when the money was becoming available that was my judgement of what was said to us a very important factor and I think I have said this before when the Hon Leader of the Opposition has said in this House 'had we been given the £28m we would have done this or the other'. First of all, the British Government doesn't give politicians any money and, secondly, they would secure or would want to secure many assurances before they sent and, in fact, so many assurances were looked for that in the end we found ourselves in the position that we are today. The change in managing director last year, as my friend has said, was a significant turning point in the running of the yard and we have expressed our views about the importance also of trading and upgrading Gibraltarians in the yard. We may not have all the skills and we may have to import some or expertise locally to fill all the posts but we are not far short of it and I am satisfied in my own mind that over the coming year if we have the chance and are given the chance we shall be seeing positive steps in that direction as the expatriate complement, as I will explain later when I deal with the question of the review of the management agreement, reduces in line with the original plans put to us at the time of the commercialisation and possibly speeded up and I am glad to say that the ODA recently agreed to make a further modest contribution in ensuring that the company's trading plan is implemented successfully. For our part and during the recent pay negotiations, we decided to take over the running of the apprentices training centre to ensure

continuity of industrial training in the key-area of skilled trade for the yard. We have also intervened when necessary to try and bring management and union together in an effort to harmonise and rationalise discussion and communication. I think the appointment of the controller has also proved to be an effective monitor and check and has helped to strengthen, to some extent, not satisfactorily but to some extent the Board's supervision over some of the operations. Many of the recommendations of the Price Waterhouse Report which we commissioned have also been pushed along particularly in improving the financial machinery so we are far from satisfied how that functions now and, unfortunately, it is evident from everything that has been said that industrial relations in the yard have not been as stable as they have to be. I know that the vast majority of those who work in the yard have a strong sense of commitment, I have seen it myself, and the Government has impressed upon the Board and, particularly, the managers the need to improve the process of consultation and communication. I think that it is fair to say that this has been happening and that there is more open dialogue to some extent but it is still, as my colleague has said, bedevilled and very little is required to flare up into problems that could well be avoided. But in order to evolve a spirit of cooperation there must be an opportunity of being able to work and not under the threat of industrial action. There is an open letter to which I will refer later from EPCS which I think is very relevant but since that came at the same time as the petition I shall deal with both of them at the same time. A company such as GSL has to cope with enough uncertainty about the state of the market which feeds it without having to cope with even more uncertainty about its trading position or solvency every time the yard is thrown into a state of dispute. The major question now is the restructure of the yard. This may well involve redundancies and I understand that some progress has been made over the past few days towards an agreement on redundancy procedures but the Government is awaiting proposals from the company regarding the options ahead in achieving a restructuring of operations and it is therefore still early before commenting on the nature of the adjustments that will be necessary. I will have something further to say on that when I come to deal with the petition. It will take some time and it will cost money. The Government is, once again, as my colleague has said, prepared to consider providing further funding for this once it is satisfied that there is a sound basis for the future. It will naturally do so having regard also to the requirement of the EEC Directive which governs the application of public funds towards a ship-repair industry. As I think the Chairman of GSL has stated, the restructuring of operations to be implemented after proper consultation with the union and it is here that I appeal to both sides when it comes to considering the restructuring, to exercise discretion and goodwill. In this connection I have to say that it is regrettable that a man of the calibre of Mr. Peter Simohis who has put in considerable efforts since he took up his position as Chairman, should be vilified and targeted for personal attacks because he felt it was fair

and proper to explain the situation which the company has to face over the coming year. Together with the rest of the Board he has an unenviable task of reshaping the managerial structure on the one hand and the employment structure on the other. We have every confidence that he will be able, with the help of those concerned, to carry out the necessary exercise. The question of a stable yard even throughout the restructuring process involving redundancies is critical if closure is to be averted. I think the Hon Leader of the Opposition did not believe, during the last crisis, that closure was imminent until perhaps at the last moment and it was a very sad reality and not just a bluff, nothing of the importance of the employment of so many people can be the subject of bluff by anybody, it would be the acme of immorality to be in Government bluffing the life of people away. That was perfectly true and perfectly sincere. We were glad that we were able to avoid it but, unfortunately, the honeymoon lasted a very little time and despite the fact that there is, I think, provision in the agreement for proper procedures to deal with claims, no sooner had the agreement been signed than signs were up again of industrial unrest and attempts at not allowing matters to flow in the way that it had been expected when the agreement was signed. Mr. Speaker, the Shop Stewards at GSL presented a petition or a memorandum, I would call it, this morning before we started the meeting. There will, of course, be more time to look at the matter in more detail but it would not be proper, despite the fact that it was only a few hours ago, if I did not refer to that. It is not, if I may say so, very difficult, in a way, because it is predictable and one knows exactly how one side thinks and the other side has to react to that in the way that it has done all the time because the matter is sufficiently serious and I think that people deserve a statement, at least a preliminary statement, in reply. Let me say that any redundancy measures at GSL will have to be cleared with the Government in the first instance. The Chairman of GSL during his last visit undertook to submit proposals showing a range of options for a restructure of operations. The Government, therefore, will wish to be satisfied that before any redundancies are proceeded with, that these will have been properly considered and prepared. We will also wish to be satisfied that the company will have taken parallel steps to reduce the general level of overheads including the company's proposed managerial complement, notably expatriates. I therefore wish to make it abundantly clear that no redundancies will proceed at GSL without prior consultation with the Government and that any statements made except for by the managing director should be considered in the light of the statement that I have made now. We are the owners, we are the Government and we will be putting in the money at the end of the day. Naturally, there will have to be decisions which are commercially sound but we will want to have regard for the planned redundancy mix and the extent to which the impact should or should not be shouldered by Gibraltarians, particularly those Gibraltarians with the necessary skills. We will also want to see the effect which this may or may not have on the training plan and localisation of expatriate posts to which I referred earlier.

I realise that the uncertainty of redundancy will have a negative effect on people's expectations for the future and that there is a serious risk of a drain of the more promising local skills, but I do ask for a measure of patience, even at this stage, having regard to the manner in which the Government proposes to monitor any redundancy programme. It may, in the end, be a small-scale or it may rise to the kind of numbers being mooted. It is early to say anything until we have the facts before us. I would like to repeat the assurance I already gave that we will expect GSL management to consult the unions properly and fully. I must, again, appeal for normal working in the yard whilst the process of due consultation and negotiation is under way. That, in itself, will help mitigate or reduce the extent to which redundancies may or may not be necessary so I think that there should be no misunderstanding or misrepresentation. Any redundancy plan at GSL will have to be cleared and planned properly and sensibly. It is too serious a matter to be allowed to be handled otherwise and I ask everyone to ignore whatever may have been said in, around or outside the yard to date. As far as APA's own future is concerned, I have already explained the steps which the Board is taking on the Management Agreement. We shall have to wait and see whether the revised terms of the new Agreement will prove to be acceptable or not, to us and to them. To us, of course, it will have to be acceptable before they are put forward, whether it is acceptable to them or not is another matter. But I can assure Members that the intention is for a real revision of the Management Agreement and it is true that experience, as Oscar Wilde once said, is when you lose but with the experience that we have of the operation and the difficulties that we have had, I think that any revision that is made acceptable and comes out of any renegotiation of the Agreement is bound to be one which will be acceptable and which will work properly. I don't think I need say more about that because it is there where we want to leave our muscle to be able to negotiate and I don't think that I would be helping with a tirade against management at this stage. In stating that and in making the appeal I would like also to echo the appeal made in an open letter which was in my desk when I returned to the office from IPCS, the Institution of Professional Civil Servants, because they say in very clear terms what we feel which is 'We firmly believe that we express our members' views in stating that with goodwill on all fronts GSL can be a success. We do not intend to waste time to analyse the analysis of historical mistakes, mismanagement or trade union disputes. Our concern is to preserve jobs and to ensure the full viability of the yard not only for those employed in the yard but also for the benefit of the community as a whole. We do not believe that redundancies are a solution but instead we consider that this represents the thin end of the wedge in a slow painful closure of the yard. We implore both trade unions and GSL management to put aside their differences and to work towards a single objective of ensuring the viability of the yard'. I think that that feeling is not just a feeling from the Government but it is a feeling which I am sure is shared not only by IPCS but is also shared by the other unions concerned.

HON J BOSSANO:

Can I ask the Hon Member, is that on behalf of the IPCS members in the yard or is that the IPCS Branch Committee which represents really mainly Gibraltar Government people because my understanding is, in fact, that the overtime ban was started by IPCS members in July, the one that they are imploring shouldn't happen.

HON CHIEF MINISTER:

Well, I can only go, as much as I give credit to any letter from the Transport and General Workers Union, I will tell you what the heading says and that may or may not help you. It says 'Institution of Professional Civil Servants, PO Box 272, Gibraltar'.

HON J BOSSANO:

It doesn't say whether it is on behalf of the Branch or on behalf of the people in GSL?

HON CHIEF MINISTER:

No, it says 'Open Letter'. I didn't read the beginning because I thought it would be unquestionable but since there are questions being put I will open up at the opening paragraph: "Open Letter - It is evident that GSL is facing an imminent crisis of major proportion. It is our firm view that this crisis is avoidable but only if all parties concerned concentrate their energy and objective in averting such a crisis". So I don't think that there can be any qualification put to the source of this paper unless it has been put through the post anonymously but I do not believe that because they then challenge the Government, they challenge everybody.

HON J BOSSANO:

Including themselves.

HON CHIEF MINISTER:

"We challenge Mr Torsten Andersson to state that he guarantees the viability of the yard provided he is assured industrial peace. We challenge the Government to underwrite this guarantee thereby showing conviction in the viability of the yard. We ask all trade unions concerned to guarantee a period of industrial peace under the following general conditions: the negotiation of a state pay claim to cover the period up to 1990 correlating with the local rate of inflation. A dispute procedure agreement dealing to binding or non-binding arbitration instead of instant industrial action. No enforced redundancy other than through specific agreement with the trade union. Economic assistance from

Government to ensure that guarantees are effective. Full trade union cooperation in all aspects of operations with GSL. We fully hope that all sides will seriously consider the above and offer a reply to our Open Letter which we hope will at least instigate a round table conference with all parties concerned. This is a serious, small, perhaps, but a serious union of responsible professional people and I think it should have the greatest respect. And I only quote it because it coincides with the view that I have been advocating in this and that is that unless everybody pulls together and we do away with this instant resort to industrial action....

HON J E PILCHER:

Mr Speaker, are they the same people that are stopping the public enquiry into the GUNAC affair? Is it not IPCS?

HON CHIEF MINISTER:

I do not think that that helps. The Hon Mr Pilcher should realise that that does not help. Simply because they don't like what another union says we should not try and cast aspersions on them on another matter, that is most improper and reprehensible and shows, perhaps, the contempt with which perhaps the proposals of that union may be considered elsewhere. Finally, I would like to say that nothing my colleague said earlier on in his address which was fiercely challenged by Mr Feetham, I believe he has completely misunderstood the tenor of my friend's remarks if I have understood them properly, and that is that when he spoke about the possibility of somebody determined to get the yard not working, he also exposed the strategic position of the yard and that to anybody with a little intelligence, even Mr Feetham, might have considered that his eyes were cast a little further beyond our shores.

MR SPEAKER:

We will then recess until tomorrow morning at 10.30 am.

The House recessed at 6.55 pm.

WEDNESDAY THE 21ST OCTOBER, 1987

The House resumed at 10.40 am.

MR SPEAKER:

I believe that the next contributor to the debate is the Hon Mr Pilcher.

HON J E PILCHER:

Mr Speaker, first of all, before I start my submission, I think it is only right to say that the motion goes beyond what is, in fact, just the noting of the 1986 Accounts. I think that the reality of the situation has been expounded by all the contributors and I think that the parameters have been opened up much more extensively to an overall debate on GSL past, present and future. I think, therefore, before I start getting into the meat of the submission, I think we have to lay the scenario that has brought about, Mr Speaker, the position in which we are today. We cannot forget, Mr Speaker, that it was just over three years ago that the people of Gibraltar went to an election and in that election decided to give the AACR Government the right to manage what they thought was a perfectly valid and viable operation and which they had themselves decided was the best and, certainly, the most viable of the alternatives open to the people of Gibraltar. There were two main elements, Mr Speaker, in deciding which should be the preferred operator. Those two elements, Mr Speaker, if I remember correctly, were the fact that the Project Study of A & P Appledore would produce at the end of the day many more jobs than any of the other submissions and also that the level of apprenticeship and management training would, in fact, turn the yard round from being full of expatriate managers to a dwindling situation whereby at the end of year four basically all the workforce would be trained, would be local and the local management which came over from the MOD would have, in fact, taken over from the expatriate managers. These two elements, Mr Speaker, were well publicised and advertised at the time of the general election not as an excuse but as one of the main reasons for A & P Appledore having taken up the contract. Today, Mr Speaker, we now realise that neither of those two elements have, in fact, worked. The 1,200 jobs have, in fact, dwindled to 800 and, Mr Speaker, we have heard from the managers of the company, from the Board and, I think, and I will touch upon that later on, from the Hon the Chief Minister himself that a restructuring will have to take place in order for the level of employment in the company to be brought down. We have also heard in this House, Mr Speaker, that the Government of Gibraltar intend to take over the apprentices training centre and therefore take on themselves the training of the local young people of Gibraltar in order to produce for GSL what GSL need in the future and certainly on the management of the company the levels of expatriate managers from 37 have dwindled to about 32 at the moment. Mr Speaker, those reasons that were expounded at the time as being the main reasons for the submission of Appledore and the contracting of Appledore have, in fact, collapsed. I think one has to look at how realistic our predictions were when you are looking at them, not now, Mr Speaker, with the benefit of hindsight, but in 1984. I do not want to get into the argument because I think it was expounded well by my colleague and friend, Mr Feetham, yesterday of what the alternative being offered to the people of Gibraltar by the GSLP was at that time but, I think, the reality is that what we are

going to get for 1988 is, in fact, what the GSLP were saying in 1984, Mr Speaker. It is important, Mr Speaker, to look at why A & P Appledore were the preferred operator. I want to read an article in the Gibraltar Chronicle published on the 12th February this year following the statement in the House of Assembly by the Hon and Learned the Chief Minister in the debate that ensued where the Chronicle states and, in fact, the Chief Minister did state that here in the House: "He stated clearly that the £28m from Britain would probably not have been forthcoming if Appledore had not been accepted with it". This, Mr Speaker, was repeated yesterday by the Hon and Learned the Chief Minister where he said that had we not accepted A & P Appledore the reality might have been that the British Government might not have been happy to go down the path of giving Gibraltar £28m.

HON CHIEF MINISTER:

If the Hon Member will give way because it is very important and I just want to be quite sure that we get the scene right on this matter. I think, perhaps, a fairer way of putting it is that the fact that they had been selected the preferred operators did help to get the money. It certainly wasn't a condition but a lot of stress was laid on the satisfaction at that level about the fact that people like that were getting the contract.

HON J E PILCHER:

Mr Speaker, I think that that certainly clarifies that. The reality, Mr Speaker, is that the pressure on the Government of Gibraltar to accept A & P Appledore as the preferred operator because the UK Government wanted A & P Appledore to be the operator of the yard causes, in fact, a farcical situation where we were being told in Gibraltar that certain submissions had been handed in, that it was up to whoever produced the best submission, where behind the scenes, Mr Speaker, the pressures were on the fact that the contract had to be awarded to A & P Appledore and that they were the preferred operators and that the Gibraltar Government went along with the British Government to give A & P Appledore the blank cheque that the UK Government wanted them to have. What has happened, Mr Speaker, is that as a result of that we now come to the situation today where the UK Government have, and I think tongue in cheek, said to us: "We gave you £28m for the converting of the Naval Dockyard into a commercial dockyard and therefore irrespective of the reasons why it is failing we are not going to give you any more money". Mr Speaker, this decision taken by the Government then and I think the history of the AACR clearly shows that although they believe that the UK Government, and I think we all believe, all the people of Gibraltar believe that the UK Government are the friends of the people of Gibraltar but notwithstanding that, the AACR Government do not want to have a quibble or an argument with the UK Government and

as a result of that they accepted what we knew and Michael Casey who did a study for them in 1983/84 knew, was a situation where the yard would fail because it was impossible for the managers to produce and to keep within the submission and the projections that they had made. Today it is the people of Gibraltar who are suffering because of that decision, Mr Speaker, because we can no longer go back to the British Government to say: "It was you who decided who the preferred operator should be. It was you who led us down the path and told us 'There are £28m' and it is you who have now got the responsibility to get Gibraltar out of the fracas in which GSL has been". The Gibraltar Government, Mr Speaker, is not in a position today to be able to do that because they went along with the British Government and accepted that A & P Appledore were the preferred operators because of certain political manoeuvrings behind the scenes, Mr Speaker. I would like to read also a comment made by the Managing Director of A & P Appledore which seems to cast a little bit of doubt as to whether the £28m was in fact as generous a deal as the people of Gibraltar were led to understand from the AACR Government. In an article in the Chronicle of the 14th March, 1987, Mr Torsten Andersson said: "Dubai yard, where Mr Andersson worked before coming to Gibraltar, saw an investment of £260 million. That yard employed a similar number of men as Gibraltar, near 800". Logically we are not asking that the British Government should have given Gibraltar £260m but it certainly is by far a long way away from the £28m that they gave us to virtually convert an old MOD Naval yard into a commercial modern yard, Mr Speaker. I cannot understand the problems when the company said that they had to take on a yard which was defective and old, wall, everybody knew that, Mr Speaker, but it was being sold as a very generous package at the time. But that, I think, Mr Speaker, sets the scenario under which the people of Gibraltar have to look at the performance of the company and look at the performance of the Government because it was three years ago, Mr Speaker, and I am a firm believer and advocate that the Government of the day, be it who they may, have to take themselves responsible for what they say during an election campaign and what they say in their own manifesto and are responsible those four years for what they say they are going to do and it is not a question of coming back to the House now and saying: 'Well, let's forget about the past, we have got to think about the future'. I accept we have got to think about the future but, politically, they have to be responsible for the past, Mr Speaker. Having set the scenario, I will now come to the opening of the motion where the Hon Financial and Development Secretary, and this was mentioned yesterday by my colleague and leader, was, in fact, saying that in commercial and financial terms even without industrial unrest in the yard it would be very, very difficult for the yard to break even at the end of the year because of the overheads that the yard had. I think that is a fair assumption. Also we heard, Mr Speaker, the Hon Leader of the Opposition saying, in his intimate knowledge of GSL, that for the first six months of this year where the company supposedly was running at full sales projections, was having many ships in the yard

and had RFA's and had no industrial unrest although behind the scenes there was movement on wage claims etc, the yard was losing £100,000 a month, eventually £1.2m at the end of the year. That, Mr Speaker, was the scenario painted by the Financial and Development Secretary of the Government and the Leader of the Opposition in his intimate knowledge of the workings of GSL. And what happened? The Hon Mr Canepa, Mr Speaker, gets up and in his contribution totally ignores everything that has been said by his own Financial and Development Secretary, by the Leader of the Opposition and by the many reports like, for example, the Price Waterhouse Report which the Government themselves commissioned and starts talking about the problems related to industrial action and, therefore, apportioning, although indirectly, blame on the unions saying he would not exonerate the company, therefore, again, indirectly apportioning blame to the company, talking about the political undertones of the ridiculous questions of the Oppositions, therefore indirectly apportioning blame for the failure of GSL on the political undertones of the Opposition and, eventually, talks about the fifth column working within GSL which produces this total fracas of the company. Well, I do not like to delve in literary memories because that is the Hon Financial and Development Secretary's privilege but I was reminded, Mr Speaker, of Don Quixote de La Mancha. I had mental pictures of the Hon Adolfo fighting the cranes at the dockyard trying to lead all the fifth column out of the dockyard, Mr Speaker. Well, that is utter nonsense, what he was doing in his submission, Mr Speaker, was trying to apportion blame all over the place except in the laps of the people whose responsibility it is and was, the AACR Government, Mr Speaker. Although I normally listen carefully and attentively to what the Hon Mr Canepa has to say, I think that slight mention of his contribution is enough because, certainly, he did not mention anything worth commenting on this side of the House. I think he is living in a world of his own, Mr Speaker, perhaps because he has other problems related to political future within the AACR and has no time to talk about the Gibraltar Shiprepair Limited. Then, Mr Speaker, we get the contribution of the Hon and Learned the Chief Minister who, first of all, starts trying to excuse the Hon Mr Canepa for the comment on the fifth column saying that it has to be seen in the military strategic position of Gibraltar. I was lost, I didn't know, Mr Speaker, whether the Hon and Learned Chief Minister was casting aspersions as to Iranians being in the yard or KGB or the Communists or the Americans but what did, again, come to my mind was Sancho Panza trying to excuse his loony master on the comments that he had made, Mr Speaker. Certainly, the analogy is not correct but everybody knows that the Hon Mr Canepa is not the master of the Hon and Learned the Chief Minister although he would like to be but if he were he wouldn't allow him to give political platform to a person who is trying to fight him against in the next elections, Mr Speaker, but enough said about that. We now come, Mr Speaker, to the main thrust of the contribution of the Hon and Learned the Chief Minister which was basically, and I think I will talk about a couple

of other aspects later on when I talk about the responsibilities of the Government, basically was one following the line of the Hon Mr Canepa in casting aspersions at the industrial unrest in the yard and the fact that would it not perhaps be that the yard was failing because of this industrial unrest and because of the fact that the workers, although he at one stage praised them for their total commitment, but he left it in the air whether it wasn't, in fact, because of industrial unrest and because of.....

HON CHIEF MINISTER:

If the Hon Member will give way. I was particularly careful not to apportion blame, I was particularly careful and referred all the time to the element in its workforce and management and, indeed, somewhat to the surprise of Hon Members when I read the IPCS letter it was exactly that that I used in aid of my arguments and they were just for conciliation and that was the gist of my argument. I didn't apportion blame at all but I said that these were the elements that prevented the thing from working and I did not go to the extent, if necessary I will go whenever it is required but for the purposes of my appeal yesterday to people to go back and to bear with the Government in looking at the restructuring and to giving assurances that there would be no redundancies without the Government looking at it and taking away the natural annoyance that was caused, in fact, that created the demonstration arising out of remarks which were out of place, I was trying to be perfectly balanced in everything I said in that respect. I don't think the Hon Member is fair in describing it that way. I took particular care yesterday to stand neutral and appeal to all parties in order to get on with the yard.

HON J E PILCHER:

Perhaps, Mr Speaker, that is the problem related to the failure of GSL, the neutral position of the Government since Day 1 of the operations. I have heard what the Hon and Learned the Chief Minister had to say but the impression obtained on this side of the House and I am not saying that this is or is not what he tried to do, the impression obtained by us on this side of the House was that he was, not apportioning blame as, in fact, I said about the intervention of the Hon Mr Canepa, but indirectly putting a question mark on the industrial problems and on the work related measures, productivity, etc, of the workforce. I would like, Mr Speaker, to reinforce again the point made by the Hon the Leader of the Opposition which I won't delve into at length because I think he covered them more than amply yesterday but just to impress on the people of Gibraltar that as far as the turnover has failed and as far as the projections on the project study by A & P Appledore, the workforce in the yard, Mr Speaker, have met those projections amply. In fact, in 1985 the turnover was around £6m and the projected turnover was £6m, the cost of wages was £6m and the projected cost

of wages and salaries was £6m. In 1986 the turnover of sales was £12m and the projected turnover was £9.7m, the labour cost was £7.7m as opposed to £7.7m in the project study of A & P Appledore. I think that proves quite clearly, Mr Speaker, that as far as the workforce at GSL is concerned they have, in fact, met the targets set on them by A & P Appledore and the failure of the yard must be looked at elsewhere. I will be commenting quite frequently on the Price Waterhouse Report. I think in the Price Waterhouse Report, Mr Speaker, it does mention that the problems related with the industrial problems in the yard in 1986 actually meant that the yard was only operational for about nine months of the year which, in fact, makes it even more to the point that the workforce of the yard in nine months did what they were supposed to have done in a year, Mr Speaker, and that is contained in the Price Waterhouse Report. Also, I would like to look at the Price Waterhouse Report where it talks about because I think sometimes the Government's mistake is that they commission reports and don't look at them and therefore as a consequence they don't really know what is going on, but in the Price Waterhouse Report page 22, it is Price Waterhouse trying to gauge how the company and how the workforce were performing. In page 22 it says: "The opinion of the local MOD staff to GSL's performance was sought and the following general verbal comments were made: RNAS excellent quality, weeks ahead of schedule; other vessels, military specification work good particularly on electronics; civilian specification work quality as good as any other commercial repair yard. HMS Glasgow damage repairs, GSL's reputation was enhanced by the speed and quality of workmanship. Commercial customers, the 'Jacob' was towed away from GSL in December, 1985, during an industrial dispute, a major embarrassment for the shiprepair yard. However, the owners' confidence in the GSL workforce was demonstrated when her sister ship came into GSL in July, 1986. 'Joanna' visited GSL for collision damage repairs, the original GSL estimate to complete the work was 29 days yet the actual duration was 27 days. This performance merited a bonus payment from the owners and it was reported in the press that a yard in Cadiz had quoted 90 days for this job". I think, Mr Speaker, if there is ample proof in their own report, in the accounts to prove that the workforce have met the targets and the commitment of the workforce has been there to produce everything that A & P Appledore had wanted that the workforce produce. I think the red herring of industrial action, the red herring of disturbances within the yard is, in fact, that, Mr Speaker, a red herring brought out every couple of months by the company, by the Government to try and find an excuse for the failure of the yard. But, of course, it is to a point true and I think the Hon Leader of the Opposition did mention that yesterday, that there are problems related to industrial unrest in the yard but if one looks, Mr Speaker, at a situation where promises made by the company in the past have not been met, things like the pension scheme which was supposed to start operating the moment that the yard started operating and we have just heard that it has

been started now with £1m, not of the company but of the Government. Then, Mr Speaker, if we talk about the fact that although the Government believes there is a moral responsibility to pay redundancy the company do not want to enter into any redundancy agreement, the fact that there are contract workers getting paid £500 and £600 working beside them, the fact that expatriate managers are getting two and three times what they are getting, these are the things that cause industrial unrest. Is the Government blind as to the reasons why the workforce at GSL are committed to industrial unrest? Do you think it is a fair situation for the yard to have been plunged into industrial unrest and plunged into strikes and overtime bans, etc and at the end of the day to settle for 9% which cost the company £200,000 when we have just heard that the inducement allowance of the managers only is £1m? Mr Speaker, of course there is industrial unrest because people, I think, have a desire to work and have a commitment to the company but they don't want to be treated like second class citizens. Mr Speaker, a lot of them went from an MOD yard which had already inherent a colonial aspect and mentality in it, in that it was very difficult to go above a certain line because those lines were occupied by UK managers, into a commercial operation 100% owned by the Government where the same problem was being seen; in fact, a much worse problem than that because in any case in the UK Departments the pay cheque at the end of the year comes from the UK Government. In GSL the pay cheque at the end of the year now is coming from the Gibraltar Government. There is natural annoyance by the people there and it is not a question of saying, 'well, we are going to do a restructuring exercise and get 100 people out and that will lower the overheads'. No, Mr Speaker, GSL needs a complete and thorough restructuring and a complete and thorough investigation so that at the end of the day when we do produce the restructuring we will also produce the confidence of the workforce which will, in itself, produce an industrial action free zone at GSL. But that will only be earned when we earn the confidence of the people working there, Mr Speaker. I would like, just before I turn away from the industrial element of GSL which I think has been mentioned at length, to mention the fact that yesterday whether the Hon and Learned the Chief Minister thinks he did or not and, in fact, he has just said it when he got up, he used the IPCS statement or bulletin or whatever in aid of his argument. At the end what he was trying to produce and it certainly appeared to us on this side of the House and I know for a fact because afterwards I have had certain meetings, it appeared to the rest of Gibraltar as if the Government were saying 'Here is IPCS, the good union, saying how badly the other unions were behaving and therefore why don't the other unions and management get together'. Well, this was not, Mr Speaker, and I did, up to a point, explode yesterday and mentioned the enquiry which I wish I hadn't because obviously the Hon and Learned the Chief Minister like the very able lawyer that he is, twisted my words and said that what I was doing was showing my hate for the IPCS and the problems between ACTSS and IPCS, nothing furthest away from my mind,

Mr Speaker, in fact, I have very good relations with IPCS. The point that I was trying to make was that a union like, for example, IPCS in GSL who have 34 members out of something in the region of 800 workers, has to before they make a public statement, put in perspective the number of members they have so that the people that are hearing the statement will not confuse the issues and believe that it is half the workforce against the other half of the workforce. In any case, having spoken at length last night to Mr John Licudi, the Secretary of IPCS, he has told me quite clearly that if the statement was used to that end he is very, very sorry that he issued it in the first place. I think it was a genuine attempt on his part given a misapprehension by IPCS. The misapprehension was that apparently they had had a meeting with Torsten Andersson and in the meeting it was reported that Torsten Andersson believed that with Government backing the operation could be viable. IPCS understood viable to mean that if Government backed the operation financially there wouldn't be any redundancies. That is what IPCS understood and therefore their plea to the Government was to put money behind the operation so that there wouldn't be any redundancies. That, Mr Speaker, I can understand but I still maintain that the subject should have been cleared up first by explaining the number of people that IPCS represent. That is why I mentioned the enquiry, not because I want to delve into the enquiry, that is a situation between IPCS and the Government and it would be unfair if ACTSS, Mr Speaker, the other non-industrial union who has maybe a few members in both grades, suddenly sent a letter tomorrow, and that was used by us in the House of Assembly to say 'Here is ACTSS asking IPCS and the Government to get together for the good of Gibraltar so that we can start repainting buildings and start getting on with works at Bayside etc'. That is why, Mr Speaker, I lost my cool for a second because I thought that what the Government - well, I knew that the Government were using IPCS's statement to back up their argument - but I thought that IPCS had, in fact, issued the bulletin without realising what they were doing because I hadn't seen it, but having seen the bulletin, having read it carefully I can understand that really all that it was was '34 members of the dockyard saying, in the misapprehension that all that GSL needs is more money, saying 'Well, put more money in and don't sack anybody'. We know, Mr Speaker, quite clearly after the intervention of the Financial and Development Secretary, the intervention of the Hon Leader of the Opposition and in studying the accounts and more basically in looking at the Gibraltar Shiprepair review carried out by Price Waterhouse, that there is much more than just pumping money into the operation to keep it afloat. I will go into it later, the Chief Minister himself in the comments made on the 2nd February, said that that was the last thing in his mind to continue to pump money in an operation that was going to die even if we were allowed to do it by the EEC which I am not sure if we are. That takes care of that, Mr Speaker, and I think we have cleared up the fact that the industrial workforce and the non-industrial workforce have

a commitment to the yard, have accomplished that commitment as far as the projections of A & P Appledore are concerned and have taken very, very low wage settlements in the interim in order to help the company out. What, Mr Speaker, are the reasons for the failure of the company? As far as I am concerned the reasons are diverse. I made several notes of what I consider to be the reasons for failure of the company. (1) Board control; the control of the company by the Board; (2) an overrun on capital expenditure; (3) A & P Appledore's involvement, and (4) the inefficiency and lack of control of the Government. And I intend, Mr Speaker, briefly to go through those. I mentioned Board control. Again, we all heard the Hon Mr Canepa yesterday and I may misquote him but I think what I am going to say is more or less right. He said something about the company with very little responsibility or very little work and a lot of power and the Board with a lot of responsibility and very little power, something on those lines. Well, Mr Speaker, I don't understand how the Hon and Learned the Chief Minister and the Hon Mr Canepa can use that argument. It is their Government that signed the Management contract with A & P Appledore that gave them the right to run the yard as they so wished.

HON A J CANEPA:

If the Hon Member will give way. The Chief Minister later on went on to explain that that Management contract was accepted because it was backed by specialist advice from specialist lawyers in the shipping industry and other commercial advice from experts in the shipping industry. It was the best advice that we had available regarding that Management contract, that is why it was accepted.

HON J E PILCHER:

Again, Mr Speaker, every time they get up to make an explanation I think they get deeper into it because that proves what the Hon the Leader of the Opposition was saying yesterday 'so much for experts'. Shipping experts, experts that tell us what we should pay our managers, experts that tell us what we should pay our directors, experts that tell us what is wrong with the yard, experts that tell us what is wrong with the Management Contract, experts that told us what is the Management Contract we should have signed with A & P Appledore at a very high cost.

HON A J CANEPA:

If the Hon Member will give way. I know that he didn't interrupt me yesterday but then I don't have any right to speak later on in the debate. The Government has a legal adviser who is the Attorney-General, he is not a specialist. It is quite a common practice for Governments and all sorts of bodies to engage specialist legal advice. There are lawyers that specialise in very many fields and that is how they

make a living. In London there are lawyers who work entirely on shipping registry matters, for instance, and I have visited some of the Chambers myself. They only deal with that so complex is the field and you cannot get the Attorney-General to advise on every aspect of the matter. He is the Government's adviser on very many matters but you cannot expect him on a specialist field like that to be able to give the right sort of advice so you have to go for that advice somewhere. I don't think that we politicians are experts either. I am quite happy to take decisions on many matters on which I feel confident but I think angels would fear to tread where we just aren't in that sort of ball game. I think this is what has to be realised or is the Hon Member saying that if they get into Government they are not going to take any specialist advice? They are going to take all the decisions without the benefit of advice?

HON J E PILCHER:

Mr Speaker, angels fear to tread where lawyers have been.

MR SPEAKER:

You will be surprised.

HON J E PILCHER:

I am sorry, Mr Speaker. The Opposition is not saying that if we get into Government, and I am glad to see that in this House the fact that we are going to get into Government is more and more prominent, Mr Speaker.

HON A J CANEPA:

I used the word 'if'.

MR SPEAKER:

Let us not have a debate on that by any means.

HON J E PILCHER:

No, it is not that we are not going to use specialist advice, Mr Speaker, but I who am a layman saw the contract between A & P Appledore and the Government on a confidential basis and therefore I am bound by that confidentiality, but I can say for free to the Hon Mr Canepa that the moment I read that Management Agreement I knew that there was something drastically wrong with it and he has taken three years to find that out, Mr Speaker. I am not an expert in the technicalities but what was absolutely clear was that every single item was given over to the company - industrial relations, employment, salaries, wages, policy decisions - everything, Mr Speaker, was passed on to A & P Appledore.

It is a fact, I am not saying something that is now confidential on that aspect because it has already been mentioned by the Hon Member himself when he was speaking about the problems encountered by the Board on the first two years of operation of trying to get any information whatsoever. I was surprised to hear the Hon Member saying 'and who is Torsten Andersson to say this or that?' Well, who was Brian Abbott and he dictated to the Board, to the Government and to everybody and until he left, Mr Speaker, nobody on that side of the House had the temerity to talk against him until he left. When he left then all the problems were associated with Mr Brian Abbott, all the industrial problems, everything was the fault of Mr Brian Abbott, obviously because it suited the Government at that stage to be able to put the blame on Mr Abbott who had gone and I am glad to say he is no longer even working for A & P Appledore, he has been sacked as well. Mr Speaker, of course that is one of the main problems and one of the main reasons related to the failure of the company. The Board were not able to control the company. The Chairman - and I won't get involved whether the Chairman is getting £10,000, £20,000 - the Chairman was not able to control the company, the Board was not able to control the company. The proof, again, in Price Waterhouse, Mr Speaker, page 42 talks about computer systems and control. And we have heard and we have seen from the 1986 accounts and, in fact, from everything that is said in Price Waterhouse, that the accounting system used by A & P Appledore was abysmal. There were no two sets of accounts that matched. I am not going to say that the money was stolen or not stolen but as far as accounting purposes are concerned, the Auditor had subsequently and in 1985 to make the same statement relating to the substantial differences between sub-ledgers, nominal ledgers and all kinds. In fact, although considerable resources were devoted to investigating and correcting errors, substantial differences had to be written off and something like £80,000/£90,000 had to be written off this year because it was impossible to match a set of accounts. How could the Board work if the information that they were getting on financial information, the most important aspect of the Board was all wrong. Mr Speaker, another comment from the Auditor on page 4 'the figure of £121,633 quoted in paragraph 11 above was provided by the Stores Section. However, recorded expenditure on protective clothing in the main books of account during the same period was only £80,000". Well, there is only £40,000 difference, it is only out on 50%. Mr Speaker, how could the Board operate without proper financial and sound systems? Again, page 45 of the Price Waterhouse Report - management information and reporting. The Board were working without balance sheets, profit and loss accounts, cash flow projections, contract summaries, outturn and work-in-progress, statement of capital expenses by project against budget. I don't know why we needed a Board in the first two years of the operation, Mr Speaker, because I don't see how any Board in the world can operate if it is not allowed to by having proper information presented to them. What happens, Mr Speaker? Well, what happens is very clear, that the only mistake, they are so useless that

having got a Management contract which virtually gave the Government no way out they make the only mistake possible and that is that the computer system which they create doesn't give the company adequate financial information. Therefore, Mr Speaker, the Board see the light at the end of the tunnel and give the company a default notice because, obviously, there was something drastically wrong with the finances of the company and as a consequence of that late in 1986 the directors of the Board decided to serve upon Appledore a default notice of sixty days. At that stage, Mr Speaker, what the Hon Mr Canepa is saying about the fact that they had difficulties and the expert advice which they were given, I think the Hon and Learned the Chief Minister said that yesterday, was in fact wrong at the time and I accept that perhaps it was done in good faith but they have a golden opportunity to terminate the Management Agreement because they have served a default notice on the company and, again, I am not a legal man and if I am wrong in what I am saying I stand to be corrected, but as far as my information is concerned, if a default notice is served on a company and the default notice lapses and nothing has been done about it, the Government would have a right to take that company to court and to terminate their Management Agreement. The Government didn't do this. What the Government have done is the Government have commissioned yet another expert, Michael Casey, to come and look at the Management Agreement and to make another report for the Government to tell them what is wrong with the Management Agreement. Mr Speaker, I accept that Governments need expert advice but GSL on commissioned reports and on experts is nearly costing us another £1m. if we start adding £100,000 for this, £100,000 for that, where do we stop, Mr Speaker? We need now to bring Michael Casey who, by the way, was the person who in 1983/84 and we cannot completely be sure of this because, again, the Michael Casey Report is a confidential report, but I think it is the same Michael Casey - the Hon FDS said 'could there be two Michael Caseys' so obviously there is only the one - the same Michael Casey who told the Government in 1983/84 that the Appledore projections would not work. The report was then marked confidential and it is still confidential. We hope at some time to be able to see that report to see whether or not that is a fact but certainly everything seems to point to that. In fact, I think the Hon and Learned the Chief Minister himself yesterday intimated that after having had that report it was perhaps too late to go back and say to the British Government 'Michael Casey is saying that your submission on your preferred operator is wrong'. But it is the same Michael Casey so he is back now for another expert report. To do what, Mr Speaker? To gather dust in one of the files and one of the dockets of the Treasury, because that is what the AACR Government do with all their reports. Secondly, Mr Speaker, having finished with the Board control which I think has a great amount to do with the failure of the company because there was no control for the first two years of the company, the second is the overrun on capital expenditure. I think, Mr Speaker,

again, this is a point that we were at loggerheads with the Government in the very early stages of the life of the Government and the Opposition, early in 1984, as regards the share capital of the company and who should have what, very legal arguments and very technical arguments which, at the end of the day, we did not lose but we had to see it because the Hon Financial and Development Secretary found a clause in one of the Bills to be able to get the authority to do what he was doing. Certainly, one thing that we pointed out to the Government and which the Government did not heed was the fact that when the £28m was given to Gibraltar it was given for two totally different things. An element of that was given to the Gibraltar Government for capital expenditure on assets that would belong to the Government, ie, No.1 Dock and assets that belonged to the Gibraltar Government, buildings etc, which did not, in reality, belong to the company because they belonged to the Government of Gibraltar, and capital expenditure on the company and running capital for the company. Mr Speaker, if we look at page 35 of the Price Waterhouse Report we see that - 'in the original ODA funding of £28m some £15.5m was allocated for capital expenditure. The total ODA funding has subsequently increased to £30.4m of which the capital element now amounts to £17.659m'. So there was an overrun of capital expenditure of somewhere in the region of £2.1m. On top of that it says: 'When reviewing the likely total funding requirements for the project we identified that the capital expenditure element of the project had exceeded the revised estimate by approximately £5m'. What Price Waterhouse was saying, Mr Speaker, was that the capital expenditure element had exceeded what was thought by A & P Appledore by some £7m of which a proportion of that belonged to the Government of Gibraltar. Now, having read that, do I then say that that is the reason for the failure of the company? Well, it is very easy, Mr Speaker. The company had to pay out of its own money for capital expenditure on behalf of the Gibraltar Government and if the company had £5m or should have had £5m at the start of 1986 to pay for wage increases, pensions, redundancies or whatever, the money was no longer there because the company had spent that money on behalf of the Gibraltar Government and on behalf of capital expenditure on behalf of the company. The money was no longer there but apart from the other problems of overruns on turnover, they also had a major problem of overrun on capital expenditure which took away from the company the running capital which they needed in order to be able to meet pay claims, wage claims, etc. That, Mr Speaker, is very important and it has never been answered by the Government although I have continuously made the point since 1984. In fact, when we discussed the £4m loan, Mr Speaker, I argued that it was immoral for the Government to lend £4m to the company when the Government really owed the company £2m because it was capital expenditure overrun from their assets. And, of course, at the same time, Mr Speaker, what the capital expenditure overrun also does is it produces more depreciation costs for the company so it also produces a burden on the running

expenses of the company. That, Mr Speaker, is another factor why the company has failed. Then, Mr Speaker, we come to A & P Appledore's involvement. I think on the Management Agreement side of it, we have covered that already. Again, we have to look at the capital expenditure and the working capital. If we are able to take the working capital out of the capital expenditure we are only left with about £7m or £8m that A & P Appledore had for running expenses of the yard. If on top of that we take away management fees for Appledore, round about £1m, £300,000 a year irrespective of profit; expatriate fees of some £3m; benefits in kind of some £2m and services to GSL - commission of sales, computer operations, etc - we come up with something in the region of £5m that we have paid Appledore over and above all the other problems related, £5m out of basically the £7m that they had. Can anybody after having gone through those three think that the company could work? But the reality is what did we get for the £5m that we have paid Appledore? Brian Abbott, is that what we got? Mr Speaker, we have got absolutely nothing from Appledore but a total inefficiency and lack of administration of that yard. All that Appledore have been doing, Mr Speaker, is creating industrial problems in that yard and mismanaging the yard. Is it surprising that after all that the company has failed, Mr Speaker? It is not, as far as we are concerned, it is not surprising, it doesn't surprise us. We don't want to say to the Government 'We told you so' and we are not happy to tell the Government 'We told you so' because we could be in Government in a couple of month's time and inherit the fracas of GSL from the AACR, Mr Speaker, so we cannot be happy. Then I come to what I think is the greatest problem related to Appledore's submission and GSL's life since its inception and that is Government inefficiency and lack of control, Mr Speaker. In the first meeting of this House, in fact, in the Ceremonial Opening of the House, my colleague the Hon Joe Bossano said to the Government that although he accepted that they had won the election and although we had accepted that they had a mandate from the people to go ahead with GSL, we were not convinced that it was going to be a successful operation but that what we would do would be to question the Government ad nauseam in order to try and get answers to our questions in order to look at the Project Study. We have done that, Mr Speaker, but what they have not done is take heed of the questions that we were posing to them because our questions were based on two different elements. One was trying to get information in order to compare that information with the Project Study. The other thing, Mr Speaker, was trying to advise the Government of things that were being done wrong in GSL, we brought it up at Question Time in order to give the Government, as the 100% owners, which I think the Hon and Learned Chief Minister said yesterday 'I am the owner'. It is a pity he didn't say it four year's ago.

HON CHIEF MINISTER:

I didn't say that, I said the Government is the owner.

HON J E PILCHER:

Well, sorry, the Government is the owner. It is a pity he didn't say that four year's ago. Today, two months or three months before an election after three years nine months of total inefficiency and lack of control he has the audacity to say 'The Government is the owner', Mr Speaker. I will prove after my intervention that the Government, if they are the owners, have given up their responsibility tremendously. In my first contribution as a new Member to this House, on the 13th March, 1984, I gave the Government one word of advice 'Government is the owner of the Gibraltar Shiprepair Limited and as such is responsible to the people of Gibraltar. It is alright to give Appledore a free hand in negotiations but when problems occur then it is the Government's responsibility to step in and ensure that this free hand does not work against the people of Gibraltar' - page 260 of Hansard of the 13th March, 1984. That was, Mr Speaker, a warning to the Government that they were to expect us to make sure that they took up their responsibilities as owners of the yard and they didn't do it. In the first House, Mr Speaker, the Chief Minister answered my questions on GSL, in March, 1984. When he realised the kind of questions that were going to come from this side of the House, he obviously thought to himself 'it is quite hot in this kitchen' so what he did is he left the kitchen and threw into the kitchen the Financial and Development Secretary who has been the person answering on behalf of GSL in this House since March, 1984. At no time, except for a few debates that we have had, has the Government taken up political responsibility for the company, Mr Speaker, although we said to them that we didn't want them to get involved in the day-to-day running of the company. That is not what owners should do but what they should do is get involved in the policy decisions and in the problems related to the running of what is their operation. What do we get, Mr Speaker? I have already mentioned the two types of questions that we have asked and we have been asking questions and I will give you a brief resume. We asked questions in 1984 about the way that GSL were buying furniture and things like that which seemed to us that the £28m was actually going back to UK and very little was being left in the economy of Gibraltar. We asked questions about the Controller ad nauseam through 1984 and 1985, eventually in 1985 a Controller was appointed. A Controller that the Government said in 1983 would be the main control that the Government would have over the company. They didn't appoint him until two years after the company was running. We told them, Mr Speaker, of the decline through 1985, of the decline in the Gibraltarian element of workers in the company which should have shown them that something was drastically wrong with the company. If we have a skilled person, a craftsman, who suddenly decides to go from GSL where he is getting craftsman wages and goes to work as caretaker for the Gibraltar Government, there is something drastically wrong in that because a craftsman who is committed to the craft and proud of his craft wouldn't do that, Mr Speaker, unless there is

something drastically wrong. Although they didn't believe us, they didn't want to do anything about it, in page 13 of Price Waterhouse, at the end of June, 1986, a total of 120 leavers for a six months period represented an annualised figure of 40% turnover in the yard, Mr Speaker. In 1985 a total of 155 representing 35% of the yard, Mr Speaker, incredible figures and yet the Government weren't feeling very interested. We questioned them on berthing fees which should be fees that should go to the Government but were going to the company, they weren't really very interested. And the famous question, Mr Speaker, which I think shows the lack of responsibility of the AACR Government sitting across the way. Question No.117 of 1986 which I think will go down in history as an epitaph of the failure of the Government to act on behalf of their own company. Question No.117, Mr Speaker, was: "Can Government state how much money was paid from the GSL Special Fund for the demolition and disposal of the former MOD cranes?" A very simple question, Mr Speaker. We wanted to know what arrangements and how much money had been paid for demolishing and taking away the MOD cranes as scrap. The Hon Financial and Development Secretary said that a contract had been given and that the original contract sum allowed for just over £100,000 for this purpose. I then said to the Hon Member who was, in fact, as I have just said, answering at this stage everything for the Government, whether political or otherwise. The heat was getting very, very high in the kitchen, Mr Speaker, but the Hon Financial and Development Secretary continued to sweat there and looked around to try and get somebody to pour a bucket of cold water over him but every time he looked across the way all the Members of the Government looked away because nobody wanted to be related to the FDS when he was talking of GSL because it was a hot potato so the only one who was getting burned was the FDS. But the FDS, Mr Speaker, is able to take it because at the end of the day when the Government decides that somebody has to shoulder the responsibility they can shoulder it on his shoulders and send him back to UK. There is no problem, they did it with Briar Abbott so they can do it - and I am not for a moment comparing the Hon Financial Secretary with Mr Brian Abbott. But to follow this, Mr Speaker, because it is very interesting, I then said: "Mr Speaker, it has come to our knowledge that the contract was given for the demolition and disposal of the former MOD cranes and that this was subcontracted to a Spanish firm which, in fact, did the demolition and disposal for free in exchange for the scrap metal value of the old MOD cranes". So the company was going to pay £100,000 for the disposal of the cranes and they were subcontracting a company who would take the thing for free so what happened to the £100,000 of GSL money? That is what we were asking. And the Hon Financial and Development Secretary said: "No, Mr Speaker, I have given the Hon Gentleman the information which was provided to me by the company and the figure which I quoted, £100,000, is I understand, fairly close to the expected out-turn". I then said: "Surely, could the Hon Financial Secretary therefore undertake to look into the situation?" The answer

is: "The Government is quite happy that we should use £100,000 of UK money to pay somebody". The answer was 'No, Sir', he wouldn't look at it. A terrible argument ensued where it was the Financial and Development Secretary - although this was a political question at that stage, Mr Speaker, it was only the poor Financial and Development Secretary who got up and tried to do his best to placate the Opposition. But at the end of the day nothing at all, the Government said quite clearly, the Government through the FDS because the FDS is answering for the Government in this House, Mr Speaker, although he is, supposedly, not the political arm of the AACR Government. But the reality is that the Government said no, they were not prepared to look into it, 8.7.86. In January, 1987, Mr Speaker, two years after the start of the operation the company do a study themselves on scrap in the yard. Obviously, because at some stage somebody must have said 'what is happening?' It is not a confidential report but it is a report we have been able to obtain which I think clearly spells out the inefficiency and lack of control of Government because having told them what was happening they wouldn't even be prepared to look at it and the study says quite clearly: 'The initial study in the removal of scrap from the yard has highlighted the inexistence of any fixed method or policy. The fundamental starting point to make any thorough investigation would require information regarding the amount of scrap actually available within the yard after the MOD hand-over to the company. The old cranes belonging to the MOD seem to be the main amount of scrap available on hand-over. It should be possible even to establish...' - I won't go into it. The reality is that the report says that on the 1st January, 1987, they would have to start again because the department had quoted astronomical figures of scrap and there wasn't a single receipt until September, 1986, when there was a receipt for £1,200. For two years where the dockyard were selling most of the old scrap of the MOD, the cranes, an astronomical amount of scrap in hundreds of thousands of tons, Mr Speaker, and not a single receipt. Looking through the report and looking at the amount of tons of scrap there must have been at least £200,000 or £300,000, if not more, of scrap which the company should have got paid for but which they never did. Where the money went, Mr Speaker, the report said 'it is better to start afresh, forget about the past'. Another £200,000 which could have paid for the 9% pay increase of the workers in 1987, Mr Speaker. Is this the Government that wants us today to accept that they have said that they are the owners? Why weren't they the owners then on the 8th July, 1986, Mr Speaker, or through 1984 or through 1985? All that the Chief Minister said in a statement on the 11th December, 1984, was that he would take responsibility of Government for the long-term viability of the company. Progress of the company towards financial and commercial viability. Mr Speaker, obviously, like everything else, meaningless words because at the end of the day this certainly is something which will affect the long-term viability of the company. It just wasn't taken up, Mr Speaker. All that the Government wanted us to do was to hold out and discuss GSL when they presented the

accounts to the House. Through 1984 and 1985 we weren't allowed, in fact, we had tremendous battles in the House trying to get information and you may remember, Mr Speaker, you had many a time to stop because at the end of the day nobody would answer but the Opposition continued to want answers and you had to intervene many a time. In June, 1985, we discussed the accounts of 1984. In March, 1987, this year, we discussed the accounts of 1985 and today we are discussing the accounts of 1986. How can any House of Assembly, how can any commercial entity have control over the thing that has happened a year and a half back?

HON CHIEF MINISTER:

We don't have control.

HON J E PILCHER:

Yes, of course, you don't have control, that is the absolute truth. But, nevertheless, we were always able to come back because we used Budget times, we used the arguments on the £1m loan, we used the £2m that was supposedly for working capital and then wasn't and we came to the - I am getting worse than the Hon Leader of the Opposition, Mr Speaker, I cannot find anything - we get to the famous Price Waterhouse Report and the statement by the Chief Minister in the House of Assembly on the 10th February, 1987. By this time, Mr Speaker, the Government had had the Price Waterhouse Report maybe for a month or two, certainly they had the initial summary late in 1986. And the Chief Minister as always, Mr Speaker, read a prepared text - prepared certainly by somebody in the know - which gave what had to be the sequence of events in sorting out the problems of GSL. It is a long statement, I won't go into it, but the reality is here is the statement - February, 1987, today it is October, 1987 - if I am not mistaken, and nothing has been done, Mr Speaker, absolutely nothing. We have heard from the Hon the Financial and Development Secretary: "No serious attempt has been made to find an alternative strategy of operating". That is the reality, Mr Speaker. Those are not my words, not the words of the Leader of the Opposition, they are the words of the Financial and Development Secretary - 'no serious attempt has been made to find an alternative strategy of operating'. Yesterday, the Hon and Learned Chief Minister gets up and basically repeats what he said on the 10th February, not obviously word for word but he was talking about the restructuring which is the same thing he was talking about on the 10th February. If he would like to be reminded, Price Waterhouse said that the only way that the yard could work was with a smaller workforce. Of course, I agree with the Hon and Learned the Chief Minister that the managers should not be allowed to say anything without it going through the Board and the company. But they have tolerated that for three years. Why should Torsten Andersson now think it is going to be different? Why, because there is an election in three month's time? Torsten Andersson is not going to run for election, the Government is. Yesterday the Hon and Learned

the Chief Minister said the same as he has been saying for the past three years. He tried to pour oil over troubled waters and, Mr Speaker, again played for time. I think he is again giving false hope because he said yesterday, 'forget the 210 redundancies, forget about redundancies. We are going to do a study that is going to look at the operation through the Board through the Government'. Mr Speaker, what the unions ask for, both unions I think, although he used the IPCS statement wrongly, what the unions have asked him to do is to give a statement of the way forward for the company. They didn't want a repetition of all this time-holding exercises, holding up for what, Mr Speaker? Is the AACR Government now so convinced that they are going to lose the next election that what they want to do is lumber us with the problem of GSL in four month's time? Mr Speaker, the time for acting is now. To give the company, and I won't go into it because we have another debate, another £2m is only to prolong it for another six or seven weeks. I accept that we have to do that but at the same time we should be acting on the information that we have in order to produce a proper restructuring similar to the one that I spoke about before that will in conjunction with the Trade Union Movement provide for the people of Gibraltar and the workforce the peace of mind that they need. That is the only thing that the workers in the yard want, peace of mind, security for the future. How can they be told, like the Hon Leader of the Opposition said yesterday, one moment 'you are doing excellently' and the next moment 'you are doing rubbish', the next moment 'you are fantastic in your work output', the next moment 'you are a lot of industrial problems in the yard'. Mr Speaker, we have to be able to tackle the problem. The Government other than by saying that they were the owners and were going to look at the restructuring, that is all. That was said quite clearly by the Hon and Learned the Chief Minister six or seven month's ago. And he said: "The Government's decision to make a further financial contribution to the company by way of increased equity participation does not imply Government acquiescence in the view that GSL will need subsidy in the long-term". The Hon Mr Canepa said that the Government will put money there to keep the operation running. He contradicts himself but he doesn't explain why. He said: "The Government's contribution is to meet GSL essential working capital and capital expenditure requirements for 1987". The company have used that for the pension scheme. Is that working capital and capital expenditure? They'll probably use it to pay up the wages of the people working there. I think, Mr Speaker, there is very little else to say because I think it is a proven fact that of all the problems facing the yard which have caused its failure there is one major factor involved in that failure, Government inefficiency and lack of control and lack of responsibility over the company. I would just like to round off, Mr Speaker, by reading to the Hon and Learned the Chief Minister his words at the Ceremonial Opening of the Fifth House of Assembly held on the 22nd February, 1984: "In a recent communique the Gibraltar Socialist Labour Party recognised that we are now in a position to try and implement the commercialisation

package but that the responsibility for this and for its inevitable eventual failure" - we were saying it in 1984, Mr Speaker - "as they say, lies solely on my shoulders and on those of my Government. Whilst we on this side of the House certainly do not accept the inevitability of failure" - that is what they said then - "nor even the prospect of failure". In 1984 they weren't even looking at the prospect of failure - "we do accept fully the responsibility for commercialisation". Mr Speaker, the Government in 1984 said they accepted fully the responsibility for commercialisation. Mr Speaker, after the total fracas which GSL has become I think the only moral righteous thing that the Hon and Learned the Chief Minister and his Government should do would be to resign.

MR SPEAKER:

Any other contributors?

HON M K FEATHERSTONE:

Mr Speaker, the Hon Mr Pilcher last night said he would be about half an hour and he has taken one and a half hours. I promise to be very short, I will need not more than five minutes but I think there is one facet which has not been mentioned by anybody and which does bear some mention. A & P Appledore, and I hold no brief for A & P Appledore, have done two things. One was their management, and their management, unfortunately, has been, perhaps, the worst management that we could have had for some considerable time. We had the very brash and very abrasive Mr Abbott who did nothing whatever to meet the sensibilities of the Gibraltarian labour force and I think it was a happy day when he left Gibraltar. The latest Managing Director has done much to put things on a better footing but the overall management still leaves much to be desired. But the other side of A & P Appledore's operations are something which I think we have not mentioned and which should be mentioned and that is their marketing. They promised that they would get the ships to be repaired. That is something that they have actually done and done to an extent even greater than their promises. In the year that we are reviewing at the moment, 1986, they projected \$9.8m of sales and they actually got \$12m. This year, from January to June, they produced some \$10m of sales. Their marketing has been more than adequate, it has been excellent and if we are going to hear pleas and cries from the Opposition and from leaders of the trade unions, I think we heard last night on television that the only way forward was to sack Appledore, we should remember that in removing Appledore we are removing the marketing facility that they provide. We may be right in renegotiating the Management Agreement with Appledore but we want to keep their marketing facility otherwise we may be left with a vacuum which we cannot fill. It is no use having a wonderful management and no ships to service. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, I am certainly not going to go over anything that my colleagues have mentioned today, I am just standing up to answer the Hon Mr Featherstone in his last comment and only to say that perhaps the marketing policy of A & P Appledore has been very aggressive but we have to look at it in the context of everything else, at what cost? If to have Appledore here because it is an excellent company that markets the dockyard very well means that we have to spend so much money and that we have to incur losses every year of £3m, well, the reasoning of everybody else that we need to sack Appledore as a package, looking at it as a package is quite reasonable. Of course, there is the other option of giving Appledore a marketing contract only. There are options open to the Government but what the Government cannot do is defend the whole of the operation of the last three years, the whole failure of Appledore by saying they market the dockyard very well and that the ships have been coming. The ships have been coming but the losses are still there notwithstanding that the workforce have done all the ships that have come, that the productivity levels have been met and that the situation, as far as the workforce is concerned, is much better than what was projected so in looking at Appledore as the package that it was, one has to say that Appledore has failed and that the Government has failed for allowing Appledore to continue as they did. You could actually have a contract for marketing with Appledore and nothing else. Thank you, Mr Speaker.

MR SPEAKER:

Any other contributors?

HON MAJOR F J DELLIPIANI:

Mr Speaker, I can well remember and I don't claim to have the memory of Members opposite, but I can remember when Appledore were making their presentation on the viability of the Gibraltar Shiprepair, I was very impressed by the presentation and with the glowing figures of the future but being a simple man I told them 'why don't you put your money where your mouth is?' meaning, of course, if they thought so highly of the future projections of Gibraltar Shiprepair then they would be willing to put in money to share this great opportunity of making money, of course they didn't. But I did not look at Gibraltar Shiprepair as the basis of using the profits to build the coffers of the Government of Gibraltar. I looked towards Gibraltar Shiprepair as the means of providing employment to Gibraltarians and to other people who are committed to Gibraltar as a means of finding decent employment for them and the Government making a profit from the income tax that these people who are employed would contribute towards the coffers. I never looked at it as a profit making business. I don't want to look at it as a business which will be subsidised for ever and ever by the

Government. I am not prepared to go on giving money to a loss making operation because that is not my way of thinking. I agree with what has been said both by my Hon colleague, Mr. Featherstone, and the Hon Member about the suggestions and I don't know how to do it, certainly Appledore have been good at marketing and we might have a lot of expertise in Gibraltar about managing, about the steel shop, about the....

HON J C PEREZ:

Would the Hon Member give way? It is something I forgot to mention but which is relevant to what he is saying now. We are all saying that Appledore has been good at marketing but we have to understand as well that they have been selling at a loss so we have to look at the context of marketing when they start selling at a profit. On many occasions they have been selling at a loss.

HON MAJOR F J DELLIPIANI:

Sir, I am not qualified to judge how the marketing is done. What I am saying, Sir, is that whatever skills we might have in Gibraltar and within the dockyard, and I mean technical skills and management skills, we certainly haven't got the infrastructure that is required all over the world to be able to market the yard.

HON J BOSSANO:

Mr Speaker, will the Hon Member give way? Is, in fact, the Government aware that the Blands Shiprepair Yard, if they look in their own published statistics at ships calling for repairs in Gibraltar, are they aware that before it was put out of business by the competition from GSL that took all the work that was available and if we go back a few years, there was a stage when Blands was doing 150 ships a year according to published Government statistics? How did they do their marketing?

HON MAJOR F J DELLIPIANI:

Mr Speaker, I am not aware of Blands operations, what I am aware is that certainly Blands did not employ the labour force that we now employ in Gibrepair so it could be that they had 150 ships which only required one hundred hours each. I am not here, Sir, to talk about technicalities, I am here to talk about how I feel about Gibrepair. And if we follow the logic of the arguments of the Opposition on shiprepair, I think that logic should be approached to other things. If we accept that what the Opposition have said today and yesterday that the blame for everything in Gibrepair is laid squarely on the shoulders of management - and by management I mean Appledore and the Government - let us accept that statement, the blame for everything that has gone wrong is on management and the Gibraltar Government, no blame is

attached to anyone else. If we accept that logic then, surely, we must accept that logic to the future generating powers of the electricity because since I have been a Member here.....

MR. SPEAKER:

No, with respect, we must not expand. In other words, you can make a general statement but let us not go beyond that.

HON MAJOR F J DELLIPIANI:

With respect, Mr Speaker, the Gibrepair operations will depend also not only on the water supply about which the Hon Member showed concern yesterday because he asked me what the projections were but also on the electricity capacity of Gibraltar to serve Gibrepair and this is why I brought it up. Yesterday he talked about water projections and today we are talking of Gibrepair, I am talking of the present situation of today and the future of the Generating Station and since they have been in the Opposition they haven't asked for a projection of what the future requirements are and what the Government is doing because they know full well there is a generating set there capable of producing 5 megawatts and it has been blacked for over a year and they say nothing about it and that is my contribution, Mr Speaker.

HON J BOSSANO:

If the Hon Member will give way I will say something to him now. He is bringing in something which has nothing to do with the motion. I'll tell him what I think of him and the Generating Station.

MR. SPEAKER:

Any other contributors?

HON R MOR:

Mr Speaker, the Opposition accepts some of the comments which have been made about the poor performance of Appledore's management and that is a fact which we have been bringing to this House for the past four years. What the Government is pointing to is the fact that to a certain extent the Appledore management have been successful in acquiring business for the yard. This is not surprising because they are getting a 5% commission on all the work that they are bringing to the yard but what the Government is not saying and it hasn't said so during this debate, is the fact that to obtain this work the sales managers of A & P Appledore have been going on trips to New York on Concorde, staying at five star hotels, spending tremendous amounts of money and have been charging that money to GSL. That was a matter

which the Board, in fact, was very concerned about and nothing has been said during this debate about this. The other thing, Mr Speaker, is that as is pointed out in the Price Waterhouse Report, I am quoting paragraph 92, on page 22, it says: "In some instances GSL has adopted the deliberate policy of deciding to bid for work at a lower cost than its competitors and its own operating costs. In this case, commercial decisions were made to obtain business for the yard to keep the workforce employed, to give the workforce experience of a specific type of repair task or to cultivate a particular sector of the shipping market. This practice corresponds to that adopted by shiprepairing concerns worldwide particularly those who are in the process of seeking to develop a reputation whilst simultaneously developing them through the skills of its workforce". But the effect that this has had on GSL, Mr Speaker, is that the greater the work that had been brought in the greater the loss that the company had made because most of this work has been at a lower market price. The only reason why the losses are not that much greater is the fact that we have been having RFA work here because otherwise the losses would have been substantially more. Thank you, Mr Speaker.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Speaker.

MR SPEAKER:

As I stated at the beginning of the debate, this is a debate to note the Accounts of GSL for the year ending 31st December, 1986, and therefore there is no vote to be taken.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, in accordance with the notice which I have given to the House I move the suspension of Standing Orders Nos.2(2) and 19(1) to allow me to move the following resolution: "This House resolves that the Financial and Development Secretary be authorised under the provisions of Section 9 of the Public Finance (Control and Audit) Ordinance (No.9 of 1977) to give in writing in the name and on behalf of the Government a guarantee to Barclays Bank PLC of 217 Main Street, Gibraltar for an amount not exceeding £500,000 to secure any overdraft facilities given by the said Barclays Bank PLC to Gibraltar Shiprepair Limited".

Mr Speaker put the question which was resolved in the affirmative and Standing Orders Nos.2(2) and 19(1) were accordingly suspended.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I don't propose, in fact, to say more than two or three words, Mr Speaker, as I explained the background to the moving of this particular motion in my main speech on the motion which the House has just been debating. There is uncertainty about sources of income for Gibraltar Shiprepair Limited in the immediate future to enable the company to pay its wages and salary bill in the short-term and also to pay any creditors, and the Government feels that it is necessary for the company to be given the guarantee in order to enable it to obtain overdraft facilities. As I have said, the Government will, of course, keep closely in touch with the company's financial situation on a continuing basis. There will be a freeze on all items of a longer-term commitment including capital expenditure, of course, and indeed until the further report by the Board which the Hon the Chief Minister referred to in his contribution to the debate is obtained when the Government will consider the situation more fully once more.

Mr Speaker proposed the question in the terms of the Hon the Financial and Development Secretary's motion.

HON J BOSSANO:

We do not support, Mr Speaker, the motion that the Government has brought. Obviously, we do not want the company to stop paying the wages of their workers and, clearly, the only way that that would happen if they were to stop the wages, they would have to close down because nobody was going to carry on working without being paid. However, I did make a reference to this in my contribution on the motion noting the 1986 accounts and the Hon the Financial and Development Secretary, in moving the motion now before the House, has made no attempt to answer the points that I have already raised I asked, why is it that Barclays Bank doesn't want to lend a company money that has got, according to the 1986 accounts, £12m of assets in its balance sheet when there are many, many companies, to my knowledge, in Gibraltar with weaker balance sheets than that getting overdrafts from their bankers? It seems to me very peculiar that at no stage since 1985, apparently, because in none of the accounts is there an indication of overdraft facilities that I have seen, what is the situation? Does the company already have an overdraft limit and they want to increase that overdraft limit by £1m and Barclays is saying that the overdraft limit they have got today is what is commercially sensible for that size of operation? Do they owe Barclays Bank any money already? We don't know. Is it that the Government is guaranteeing their existing debts or debts that they haven't yet contracted and that they are going to guarantee what they borrow after today? Or doesn't the Government know how much money the

company owes already? The Hon Member has said that this £1m will enable the company to pay its wages and to pay its creditors. Well, that indicates that the company has got a cash flow problem, what is the size of the cash flow problem? How long will £1m last them? At what rate have they got a negative cash flow at the moment, what is it, £10,000 a day or £10,000 a week or £10,000 a month? We have not been given any information to assess the necessity for the £1m or what the £1m is supposed to do or how long it is supposed to last. We have not been told if the Government is prepared to provide the guarantee, why it is not prepared to provide the loan itself rather than the guarantee because, surely, what will happen is that the company's cash flow situation will be adversely affected further by the overdraft interest on £1m which, I would imagine, could come to £60,000 or £70,000 more. So, in fact, they are going to have now an additional cost on their overheads, £70,000 of overdraft interest. Why have they chosen that road because, surely, if they are giving the guarantee to Barclays Bank all that they are doing is giving Barclays Bank an opportunity to earn money on a commercial loan of what is a gilt edged investment. Barclays is not going to lend the money to the company on the rates it would lend the Government and yet it is lending the money on a secured loan which is not secured on the assets of the company as is normal commercial practice for which the risk is reflected in the interest rate, it is secured on the assets of the Government of Gibraltar which is underwriting the loan. Will the interest that Barclays Bank charge be the interest that would be charged on a loan to the Government or the normal commercial interest on an overdraft? Does the Government know? Has it investigated that possibility? It is not enough to come here and say "We suspend Standing Orders, we move a motion, this is what we would like to do" and the House is not given any explanation of the questions that need to be answered if a rational analysis of the decision is going to be made and therefore we cannot support this on the basis of all these unanswered questions simply because it is what the Government want to do. If they want to do it then it is their responsibility. If at the end of the year we then find that GSL has got another minus £70,000 and then GSL says to its employees 'I cannot give you a pay increase in January because I have got no money because I have had to pay the overdraft interest for Barclays Bank', I suppose the Government will then turn and say 'Well, you see with the industrial climate the ships won't come'. All is interlinked. If you have got a situation where there is no money for something because you are doing something else then the repercussions of there not being money must be traced back to the source, the point we have been making in relation to the accounts. If you spend money on the slop barge then you haven't got money for the wage increase. If people go on strike then the problem is not the strike, the problem is the slop barge which we didn't need in the first place. And the same will happen with this extra cost. There is also no word of explanation about the £3m plus loss for this year. We are now in the middle of October, the company closes its account at the end of the

year, if it is already predicting that in ten week's time it will finish up with a loss in excess of £3m, what is the level of loss today? How much money does it expect to lose in that projection between now and the end of the year? And if it has already lost £2½m then how is that being covered, how is that £2½m being covered because, presumably, when the Government agreed initially to provide the £2m in additional share capital supposedly because of increased work-in-progress, that was the statement issued at the time by the company and this is what the money was for, is it that because it hasn't been required for work-in-progress it is now being used to meet losses? Is there anything in the EEC Directive to which we have already referred about which nobody on the Government side really has made any attempt to answer the points in the other debate, is there anything in the EEC Directive that will prevent the Government from doing what they did last year and give them an interest free loan? Is that why they need to go to the bank because the Government can help them through the bank but cannot help them directly because it would be in conflict with the EEC Directive? I really think, Mr Speaker, that an attempt should be made to answer all these points. As far as we are concerned, it seems to us that all that we are being told is 'the £1m will buy us a little bit of time while the Government decides what to do next'. Well, how much time is it going to buy us? What is the relationship between the £1m and the £3m predicted loss and what are the existing overdraft facilities? Is it that they don't owe anything at all and they are going to owe £1m or is that they already have exhausted what they were permitted to owe by their own arrangements and this is going to be upped by £1m on the back of the Government's guarantee?

HON CHIEF MINISTER:

I don't think that the matter should be looked at as only money from what the company has. You have to bear in mind the amount of money that is due to the company which is to be collected and therefore it is the cash flow, really, that has been cut short. I think that subject to certain clearances, a certain considerable amount of money due from the previous RFA work which is being cleared up before the Ministry of Defence authorise the payment thereof and this is the best assessment, as I understand it, of one thing linking up with the other. It is not that this is the only money that the company is going to have and it has no other money. The company has assets not only in their assets but it has net assets, that is, money owed to them for work performed which is pending payment and that has been taken into account in assessing the extent of the amount that is required now to tie over until the payments are made. My understanding is that there is no overdraft due to or rather, my understanding is that the company has not obtained, subject to correction, any overdraft on their own and that this one is being obtained with the guarantee of the Government because these are the conditions that are laid down. The point made

yesterday by the Leader of the Opposition whether other banks will provide better terms is a good one. On the other hand, if the company is banking with that particular bank it is more likely that the arrangements that can be made are more convenient if the same bank is dealing with both the assets and the liabilities.

MR SPEAKER:

Any other contributors?

HON J E PILCHER:

Mr Speaker, it is very difficult to contribute anything when none of the questions being asked have been answered. I accept that what the Hon and Learned the Chief Minister has said is one aspect which he has cleared up as far as his understanding is concerned. Time will tell whether the £1m guarantee is just a guarantee or that the Government will have to pay it as well but that is just one minor aspect. The other aspects have not been answered.

MR SPEAKER:

Does the Mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Speaker, I think in reply to the points made by the Hon Leader of the Opposition, as best I can, what I think I would describe as the starting points he made. First of all, the Chief Minister has, in fact, explained that the company does not have an overdraft facility at the moment. I should also explain that there has been a history of discussions between the company and this particular bank and also, in fact, with other banks in connection with possible sources of finance of a short-term or temporary nature in what I might call the happier days. That is to say, it is not uncommon for a company, as Hon Members will know, to seek short-term overdraft facilities to finance, for example, an increase in stocks or an increase in activity. The company has explored with commercial banks the possibilities of, for example, overdraft facilities being obtained against receivables and also it has explored, again with commercial banks, the possibility of financial advances being made secured against a mortgage on the assets. It has to be borne in mind that the company itself only owns a limited number of assets and while we are not talking exclusively of cranes and other items of equipment, we are certainly not talking about the land and the buildings and during the course of their negotiations it did not become possible for the company to obtain finance in this way, ie from the security of the equipment in the yard. That is really all I can say on this particular point except that during informal discussions, again, between the bank and the company

in more recent and perhaps I should say less happier days, the bank made it quite clear, both banks in this country and also in the UK, that there was no question of any overdraft facilities or loan being made other than after the Government had given a firm guarantee. That is really the position on that. As regards the company's cash flow position, the company has given the Government its cash flow forecast. I have received these but I am not prepared to make these available to the House. For one thing any position which I gave at any particular point in time might be falsified by events in the near future. What I can say, and this is really all I can say, is that I have discussed the matter closely with the company's Finance Director, and we are satisfied as well we can be that £500,000 will be enough to carry the company forward to the end of this financial year but beyond that I really cannot say any more. As to the choice of this particular arrangement rather than a formal Government loan or, indeed, Government voting funds, I think I would merely say that it is seen by the Government as the most appropriate step in the circumstances. I accept that there will, of course, be interest charges. I do not think they will be as much as £70,000, which I think was the figure the Hon Leader of the Opposition quoted, and it will not necessarily be £500,000. If it is for three months it could only be £70,000 anyway and I would imagine the overdraft figure will be a fluctuating amount. This is really all I can say, Mr Speaker.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

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

The motion was accordingly passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, there are two motions, the first one is, in fact, the Licensing and Fees (Amendment of Schedule) (No.3) Notice and I hereby beg to move the motion in the form in which it has been circulated and with your permission and the permission of the House I do not propose to read it out in full. I beg to move.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg leave now to move, Mr Speaker, the resolution standing in my name: "Be it resolved that this House do approve the giving by the Financial and Development Secretary of the following Notice - In exercise of his powers under section 4 of the Penalty Rates Remission Ordinance, 1986, the Financial and Development Secretary, with the approval of the House of Assembly, has extended the period of remission prescribed in section 2 of that Ordinance by a further period from 1 April, 1987, to 31 July, 1988, inclusive". Mr Speaker, the effect of this resolution will be to extend from the 1st April, 1987, until the 31st July, 1988, the moratorium on the imposition of the 5% penalty on rates accounts which are not settled within the stipulated period. Hon Members will recall that this moratorium was introduced at the meeting held in November, 1986, with retrospective effect to the 1st April, 1986. It was implemented initially for one year on a trial basis as part of a package of measures but designed to reduce the high level of rates arrears in due course. The moratorium lapsed on the 31st March, 1987, and I must therefore apologise to the House for the oversight in not presenting this resolution earlier. The intention was to introduce it either at Budget time or when the annual accounts of the Government were debated. However, the period from November, 1986, when it was introduced until March, 1987, would, I think, have been too short for the effect of the measures to have been properly assessed. I am not using that particular point as an excuse for my failure to bring it to the House but, perhaps, in mitigation, Mr Speaker. I can report to the House that since September, 1986, there has been a small but, nonetheless, perceptible decrease in the arrears, namely, for the September, 1986, quarter, the figure of arrears stood at £1,093,000. It reduced gradually until at June, 1987, it stood at £981,000 that is a reduction from £1,093,000 to £981,000 during the period in question. I am proposing that the moratorium be extended to the 31st July, 1988, rather than to the 31st March as this should provide the House in due course with rather more information about the impact of the measures over a two-year period quo terminus with the period of ranging rebates. Referring again to the figures which I just gave the House, I naturally tried myself

to determine to what extent the reduction in the 5% penalty had had a real effect on reducing arrears, that is to say, the extent to which more people had paid their rates as a result of the whole package of measures including, of course, the need to pay arrears of rates before receiving the rebate. This I found rather a difficult question to establish to my satisfaction or for that matter, I think, to the satisfaction of the House. What I can say is that looking at the information in the Government's accounts, if the House will recall, they may recall, they may not have the accounts here so I will mention the figure myself. The arrears position of rates at the 31st March, 1985, was £838,000. At the 31st March, 1986, the arrears position had deteriorated still further, it was then £1,025,000 so one had had a deterioration during that period of £200,000 and this, of course, was partly my concern, that the situation was getting worse. As I mentioned briefly a short while ago, by September, 1986, it was £1,093,000. Well, it has now come down, we calculated that if the penalty remission had not taken place there would have been a further increase of £200,000 so the fact that there has been a reduction of £100,000 may give the House some fugitive information about the effects of the measure. I cannot really say more than that at this stage, Mr Speaker.

HON J BOSSANO:

But when the Hon Member is saying there would have been a further £200,000, is he saying that that is what the penalty would have been?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Broadly speaking, yes. If the 5% quarterly penalty had continued to be levied during the period the 1st April, 1986, to date, the additional sum collectable in rates is estimated at £290,000 using previous years figures as a basis, approximately £70,000 or thereabouts of these penalties would have been recovered so the current rates of arrears would have been increased by about £200,000 in round figures. In fact, we have had a reduction of about £100,000 in round figures. That is, however, transient and uncertain, that is the arithmetic of the calculation. That is really all I can say on the subject, Mr Speaker, except that I do think that a further extension to allow the House at least two years in which to consider the impact of this particular measure would be desirable and I so recommend to the House.

MR SPEAKER:

Before you do, could I be clear in my mind, is it the 31st July, 1988, or is it the 30th June, 1988?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The 31st July, 1988, yes, Sir.

MR. SPEAKER:

It is July and not June?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir.

Mr Speaker proposed the question in the terms of the Hon the Financial and Development Secretary's motion.

HON J BOSSANO:

We are opposed to the motion, Mr Speaker. Nothing that the Financial Secretary has said in support of it has any logic. In fact, he has given very sound arguments for not doing what he wants to do. It is quite extraordinary that he should come here and say 'There are people who owe the Government money, if the Government charges them interest on the money that they owe they don't pay the interest and therefore the money they owe us gets bigger so in order to reduce how much they owe us we don't put interest'. Well, I am sure that if Barclays Bank doesn't put interest on the overdraft to GSL, GSL will owe Barclays Bank less money so why doesn't the Financial Secretary take his motion to Barclays Bank and see if he can persuade them to follow his philosophy? If that is the way they want to run the shop, Mr Speaker, they have to take the responsibility for it but as far as I am concerned they are giving good money away, that is what they are doing with this motion. I made the point the last time when it was going to be done for a long period, I don't know if it is the same period he is bringing now or not, we were not happy with the arguments, but okay, we gave him the benefit of the doubt although we couldn't see what it was that he was trying to achieve. It seemed to me a contradiction, let us put it in simple terms that the average person can understand. If I owe somebody money and I don't pay when they are charging me interest I am less likely to pay when they stop charging me interest I would have thought. Why does the Government think they are going to have more success in collecting arrears if they don't charge people interest than if they do? It baffles me and the Hon Member in his reply to the point that I raised about whether the fact that the arrears have gone down by £200,000 is due to the fact that we haven't charged interest has just confirmed it. He has said had they not done it they would have charged £290,000 interest of which they would have collected £70,000 and they would be owed £200,000. So they are not owed the £200,000 which is a good thing according to him and, of course, they haven't collected the £70,000 which must be a bad thing according to him, I would have thought so they are out of pocket by £70,000 due to the measure having been introduced in the first place and now they want to extend it until next year. The other point, of course, is that in July, 1988, there could be a different Government and therefore I am not happy with situations where this Government

is taking policies into the future. What happens if there is an election at the end of the year and we are there and we want to change this? Will the Hon and Learned Attorney-General come and say that these people have got an acquired right not to pay interest which I cannot take away from them or provided that it is not walkie-talkies it doesn't matter, we can take everything else except the walkie-talkies? Because, certainly, I am going to have to watch everything that we do now to find that whether we are creating acquired rights which then become sacrosanct under our Constitution, a very dangerous situation we are in these days. I think on the point that you yourself made of clarification which the Hon Member has just confirmed that he does want the 31st July, am I not correct in thinking that rates are charged quarterly and, if so, what is he saying, that in the quarter July/August/September interest will be charged in the second month of the quarter and not in the first month of the quarter? What is the incentive there and what is it, that he expects people to rush in before the end of July and pay all their arrears so that they don't pay interest in August? Well, then that is an argument for not taking it away. I don't really think they have done their homework at all on this one and therefore we certainly will vote against it. I would certainly like clarification on whether, in fact, if they go ahead and pass it, a future administration can come back and say 'We don't agree with this and we are going to change it'.

HON CHIEF MINISTER:

I think we have got to look at the history of this matter in simple terms in order to appreciate what has happened. First of all, no penalty is charged on the non-payment of all the other services of the Government, that is to say, arrears in telephone, electricity and water but, of course, in that case the Government has got the power to cut off the supply. In the famous IWPB administration, they proposed a law which they wanted so that people who did not pay rates should have their electricity and their water or their telephone cut. We fought against that very hard because it is improper to use one law to impose another law. Then when the arrears started to become high it was thought as there was this relic of a proposed penalty on non-payment of rates, we are not putting the blame on the previous administration but there was this relic and there was something in it to say my view is the opposite, my view is that there should be a remission for quick payment. One other way of collecting money and that is instead of charging more giving a 5% reduction if you pay within a certain time. Anyhow, that was passed and I assumed responsibility with the other people who thought that this might make people pay. It came, unfortunately, not at the time when people were in the best condition to pay and, in any case, people are always reluctant to pay, particularly traders wait until the very last moment. But there isn't that threat of the man with the pliers to cut off the electricity saying 'He is going' and then he

says 'Just a moment, I'll pay my debts'. But then it was considered when we were looking at the arrears that the arrears of rates were being distorted in a way because we were including in the arrears the penalties. So, really, we were not getting either the money or the penalties and the thing, as I recollect it, became disproportionate and it did not give a good picture of the actual rates that were being owed because a lot of it, as he has said already, a lot of it was arrears so it was obvious then that the imposing of the arrears didn't have the effect that was intended which is to make people pay before they pay the arrears and people were just owing the rates and the arrears together. The idea of allowing that, whether it is the 31st July or whatever date, as far as we are concerned it is purely an administrative matter, it is not a political matter, but it has to be for a specified period for the purposes of the rate book and so on. I don't know why it says the 31st July when, in fact, the quarter finishes at the end of June and, perhaps, the Financial Secretary will explain, this is not a matter of policy, it's a matter of administration. But the idea is that if we are making an effort to try and collect the arrears of rates in themselves, we will be in a better position to make a crack at that, get people to pay them rather than to pay them with the penalties and, in fact, the not very reliable but the best estimate that the Financial Secretary has made is that it might have that effect, it might have the effect of people paying it. I don't understand why but it is likely to be the case and that, apparently, has been the result of the period during which it has been removed. This is purely a matter of administration and to see what is best. As I say, my own view is that we should give people remission for paying quickly but that, at this stage, is too late to introduce. Anyhow, I thought I would explain, as I see the problem, and I have, if I may say so, the experience of the City Council and so on where we have tried that before.

HON J BOSSANO:

I was asking him to give way before he sat down because there are a couple of points I want to make which I omitted to do before, Mr Speaker, which has been triggered off by something that he said. The Financial and Development Secretary said that the decision not to charge the penalty run out in March, 1987. Is it the case then that from March, 1987, until now they have not been charging the penalty and that they have not been doing so illegally without authority?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, guilty.

HON J BOSSANO:

Guilty, so then I think he should be hung, drawn and quartered.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As long as I am not the only one.

MR SPEAKER:

Any other contributors? Does the Hon Mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I don't think I need. The Chief Minister has really said everything that I would have said. The only point outstanding is the question of why the 31st July. Clearly, this would cover the rates that were sent out on the 1st July so they will continue to attract the moratorium, that is to say, the remission of the penalty. The reason why it is July is that we wanted to arrange it at a time when the House was likely to meet subsequent to the Budget meeting and that is purely for administrative convenience. Well, not purely but mainly for administrative convenience because there is such a lot going on at the Budget meeting and if the House were then to consider it and decide, assuming that there is a July meeting, whether there should be any further remission or extension, Mr Speaker. That is really the rationale of that.

HON J BOSSANO:

Mr Speaker, we haven't had an answer on the point about whether this can be changed which I thought the Attorney-General might answer, it is a serious point. The Government may think it is an administrative matter. We obviously have a policy on it. We want to know what is the situation. Is it that once this is passed the 31st July is immutable?

HON ATTORNEY-GENERAL:

No, of course not, that can be changed.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

The motion was accordingly passed.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

BILLS

FIRST AND SECOND READINGS

THE GIBRALTAR REGIMENT ORDINANCE, 1967

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the organisation, duties and discipline of The Gibraltar Regiment, and for matters incidental thereto be read a first time.

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

SECOND READING

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the Bill be now read a second time. The Gibraltar Regiment Ordinance was passed in February, 1974, and there have been quite a number of changes both within the Regiment and also insofar as some of the Regulations of the Army Act and so on, apply to Gibraltar. Therefore it has been a matter of study for a considerable time, particularly, I think, since March, 1979, when it was realised that some parts of the legislation were out-of-date and other parts required bringing into line with Queen's Regulations which have been changing all the time. Over the years several alternatives have been discussed and finally it was possible to produce a Bill which was acceptable to both the Commanding Officer and the Regiment and, of course, to Fortress Headquarters who are directly responsible and that is the reason for this Bill. The explanatory memorandum is rather a longish one because it sets out the purpose of each of the clauses and if I may go, for the record, through

them and clarify any points that may be required later on. Clauses 3, 6 and 7 of the Bill replace Section 3 of the Ordinance which provided the establishment and command of the Regiment. Sir, it is rather a biggish one but it is set out in much clearer language than before. Clause 6 provides that the Regiment shall be under the Supreme command of the Governor. Well, I don't think there might have been much doubt but it is necessary to do so, and that the Governor shall appoint a Commander of the Regiment who shall be responsible to the Governor for the duties, organisation, training, discipline and efficiency of the Regiment, and the Governor shall appoint a Commanding Officer who shall be responsible to the Commander for the matters specified. Clause 7 provides for the placing of the Regiment under the command of the Defence Council. Clauses 4 and 5 of the Bill replace Section 17 of the old Ordinance, that is the requirement of an officer and the years of service that he has to do for the purposes of pension. Clause 4 provides that the Army Act 1955 of the United Kingdom shall apply to members of the Permanent Cadre at all times and to members of the Volunteer Force when on peace-time training or when called out by proclamation under section 26. Clause 5 provides that the regulations, manuals, warrants listed in Schedule 1 shall apply to the Regiment and these are the current ones in use in the United Kingdom. Unlike HMS Calpe, the Regiment is regulated by local legislation and it is specific. Clauses 8 and 9 deal with the composition and strength of the Regiment. Clause 10 replaces Section 13 of the old Ordinance which deals with the disbandment of the Regiment. Clause 11 updates the existing Section 7(1) which deals with the eligibility for entry into the Regiment. Clause 12 which replaces Section 6 of the old Ordinance deals with the Governor's Commission. I would like to say here that in the time of General Jackson there was a real attempt to try and make the officers of the Regiment have a Royal Commission but because of other limitations in the body of the Ordinance that has not been possible. Clause 13 makes provision for the Commission Selection Board. Clause 14 provides for the Commanding Officer's term of appointment, ie not exceeding three years which may in exceptional circumstances be extended for a period or periods of up to one year. Clause 15 deals with the promotion of officers. Clause 16 deals with the transfers of officers between the Permanent Cadre and the Volunteer Force and vice versa. A lot of the people who go in initially are volunteers and if there are vacancies whilst they are volunteers they opt to become members of the Permanent Cadre. Clauses 18 and 23 replace Section 14 of the old Ordinance. Section 14 of the old Ordinance dealt with the appointment of the Commanding Officer which has already been dealt with before. Clause 17 deals with the retirement age of officers of the Volunteer Force, that is, 42 years which may in exceptional circumstances be extended for a period not exceeding three years. And the old Section 14 which was the appointment of the Commanding Officer has been dealt with already in Clauses 18 and 23 which replace Section 14 of the old Ordinance. Clause 18 provides for the revocation of appointment of officers and Clause 19 provides

for the discharge of soldiers. Clauses 19 and 20 replace the existing Section 12 which provides for the enlistment and re-engagement of soldiers. Section 12 is a little more elaborate than this one, soldiers service and discharges, which is a bit out of date now. Clause 21 deals with transfers of soldiers between the Permanent Cadre and Volunteer Force and vice versa. Clause 22 deals with the Governor's Warrant. Clause 24 replaces Section 4 of the old Ordinance. Section 4(1) charges the Regiment 'with the defence of Gibraltar and with such other duties within Gibraltar as may from time to time be defined by the Governor'. I think this has always been understood and, in fact, that has been reflected in many other ways in that when there was conscription, the conscription was limited to service within Gibraltar. When conscription came to an end and the Volunteer Regiment was set up, the same thing prevailed but it seems it is necessary to make it quite clear. Clause 24 replaces Section 4 and Section 4(2) enacts 'save as may be necessary for the local defence of Gibraltar no member of the Regiment shall be liable to serve or proceed on duty outside or beyond Gibraltar without his consent'. The new Clause 24 renders every member of the Permanent Cadre liable for service within or, if the Governor considers it necessary, outside Gibraltar. Clause 25 replaces Section 9 of the old Ordinance that members of the Volunteer Force shall undergo such peace-time training as may be prescribed. That is well known, a lot of them go across to the United Kingdom because there are no facilities here. Clause 26 replaces with amendment the existing Section 15. And the amendments are mainly the avoidance of the somewhat imprecise term 'actual military service' and the removal of the words limiting the exercise of the Governor's power to issue a proclamation, ie 'invasion, war or danger of any of them or by reason of any internal emergency threatening the security of life or property to quell which the available civil force is deemed by him inadequate'. Section 15 provides for actual military service - 'the Governor may, by proclamation, call out the part-time element for actual military service whenever it appears to him advisable so to do by reason of invasion, war or danger of any of them or by reason of any internal emergency threatening the security of life or property to quell with the available civil force is deemed by him inadequate and when so called out the members thereof shall be held to that service until such time as the Governor may by proclamation declare that they are relieved from that service'. That has been deleted and, therefore, it reads only 'to quell which the available civil force is deemed by him inadequate'. Clause 27 ensures that offences against the Ordinance or against the Army Act committed at any time by members of the Permanent Cadre or committed by members of the Volunteer Force when on peace-time training or when called out by proclamation under the previous section are dealt with under military law. The new clause replaces and clarifies Sections 18 and 19 and that is to make it easier for the having of Court Martial, fortunately, we don't have many of those. Clause 28 makes it a criminal offence for an employer of a member of the Volunteer Force to penalise such member for or prevent or hinder such member

from serving as a member of the Regiment. Clause 28(2) and (3) defines the word 'penalise'. Clause 29 which replaces Sections 20 and 21 of the old Ordinance deals with assaults on and obstruction of members of the Regiment. Clause 30 provides for notice to be given in the Gazette of certain happenings and events. Clause 31 enables the Governor to make regulations which do not conflict with the regulations contained in Schedule 1. This is a modernisation of the Charter upon which The Gibraltar Regiment exists. It has been seen and considered by the Commanding Officer and what I think is called the Council of Colonels or whatever it may be, I hope they don't have a Colonel riot one of these days, they are getting a bit ancient some of them. But it really puts the law up-to-date and makes it much easier for those dealing with matters, particularly disciplinary and otherwise, to know that the regulations equate to those prevalent subject to the limitation of the Regiment and those prevalent in the United Kingdom. I commend the Bill to the House.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, just briefly to say that we will be supporting the Bill. I think, in essence, what it does is to bring in line the existing legislation of the Gibraltar Regiment but there are a couple of queries that come to mind and that is that there is a fundamental shift although it may have been understood, but there is a fundamental departure from the previous legislation insofar as the Gibraltar Regiment was set up to defend Gibraltar and for the first time in legal terms the Governor has got the power to send the Regiment outside Gibraltar. The question I pose to the House is that if those who are enlisted in the Regiment have done so on the understanding that they are enlisting for the defence of Gibraltar they can now say: "I am not prepared to be a member of the Regiment under these conditions and I would like to ask for a report". I am just thinking aloud. I can see the necessity of bringing the Regiment in line with Queen's Regulations so as to avoid misunderstandings and misinterpretations on the role of the Regiment but I hope that that, in fact, also means that the Regiment will be subject to full equality with British Regiments in all aspects of the role they have to play in the military structure of Her Majesty's Forces. I think that is a point that has to be made. There are, for example, societies such as SSAFA which do not apply to the Gibraltar Regiment but presumably they will have a right to the services provided by that body. One of the things that has always concerned somebody who happens to be in public life for a long time

is the problems that we face in Gibraltar where as a Colony we are subjected to pressures at times because there are differences between the way we see the future of Gibraltar and perhaps the way the British Government would see the future of Gibraltar and whilst it will always be understood, I wish to make this point because it is the first time that we have had an opportunity to discuss the Gibraltar Regiment, certainly since we have been in office, is that whilst we have always understood and it should continue to be the case, that the Governor should be the overall Commanding Officer of Her Majesty's Forces on the Rock, the difference is the powers to call out the Regiment to quell civil disorder and I think that we have to be very careful, at least, those that believe they have to say what they have to say, to say so at this point in time that civil disorder can mean a host of things and that it would be a very difficult position that the Regiment should be placed in civil disorder in a case where any understanding that could arise in the future puts the people of Gibraltar at variance with - and let us hope it doesn't but I think at the time of passing legislation one has to say these things - at variance with Her Majesty's Government and the Governor is called to quell civil disorder that it shouldn't be the Regiment that should be put in that position. I think that in conscience one has to say that at this point in time. Mr Speaker, I don't think there is anything else that we need to say because we understand the spirit and necessity of bringing the Bill up-to-date but I think the points about the conditions of the soldiers having now changed from defending Gibraltar to being able to be sent out from Gibraltar and whether the Regiment will now be considered on a par with the Regiments of Her Majesty's Forces need an answer, Mr Speaker.

MR SPEAKER:

Are there any other contributors?

HON R MOR:

Mr Speaker, my contribution is not going to be very much different to what my Hon Colleague has just said. I think he has covered most of the points that we were looking at. But just as a point of clarification, Clause 7 provides for the placing of the Regiment under the command of the Defence Council. As far as I know we do not have a Defence Council in Gibraltar, presumably that refers to the.....

MR SPEAKER:

I think the Defence Council is defined in the Ordinance, isn't it?

HON R MOR:

But in any case how can it be then under the command of the Governor and under the command of the Defence Council?

HON CHIEF MINISTER:

The Defence Council commands the Governor.

HON R MOR:

The other thing is, Mr Speaker, that since the Regiment now seems to come under the Army Act 1955 then, presumably, all that is applicable to the British Army is applicable to the Gibraltar Regiment. Is that, in fact, what we are saying? As I understand it, Mr Speaker, during the crisis in the South Atlantic when the Falklands War was on, I think there was an attempt to have some volunteers from Gibraltar and when they looked at the legislation they found that they could not do it and this presumably was one of the reasons why this legislation has come here. What worries me, Mr Speaker, is whether the volunteers in the Regiment are aware that once this Bill is introduced they can now be posted out anywhere such as the Gulf or any similar area where there is a crisis on. Another thing, Mr Speaker, is that presumably parity of pay and conditions of service will apply in their entirety now that this Bill is introduced.

HON ATTORNEY-GENERAL:

If I could take the last point first, Mr Speaker. Clause 24: "Every member of the Regiment in the Permanent Cadre shall at all times be liable for service in the performance of the duties of the Regiment within or, if the Governor considers it necessary, outside Gibraltar". The liability to be sent outside Gibraltar if the Governor considers it necessary is on the Permanent Cadre and not on the part-time element or the Volunteer Force.

MR SPEAKER:

May I perhaps refer the Hon the Attorney-General to subclause (3) of Section 26.

HON ATTORNEY-GENERAL:

Yes, that is the liability. If this Bill is passed it is the Permanent Cadre who can be sent outside. Once there is a proclamation under Section 26: "The Governor may, if he considers that the circumstances require it, by proclamation call out for service the whole or any part of the Volunteer Force". So you have the Gibraltar Regiment split up into the Permanent Cadre which is liable to be sent abroad if the Governor considers it necessary. Then you have the Volunteer Force. If the security situation or whatever it

is is such the Governor can issue a proclamation calling out the Volunteer Force and then, of course, the Volunteer Force become almost as if they were members of the Permanent Cadre and can then, subject to the complete rules, be sent out. So if we need them we can have them and that is the position insofar as the Volunteer Force is concerned. The Hon Mr Feetham asked about does this give full equality in all respects to the Gibraltar Regiment with the British Army. Well, I can say this, insofar as all those regulations, manuals, and warrants as contained in Schedule 1 are concerned, yes, most certainly and, of course, if you have a look at what they cover, there is the Queen's Regulations, the Manual of Army Security, the Regulations for Army Employments, the Army Commissioning Regulations, the Regulations for Army Allowances and Charges, the Pay Warrant, the Army Pensions Warrant, the Pay Services Regulations, the Manual of Army Pay Duties, the material regulations, and all these various regulations which apply to the British Army now apply, if this Bill is passed, to the Gibraltar Regiment. And, of course, as a quid pro quo for equating the Gibraltar Regiment with the British Army, the Permanent Cadre are liable to be sent overseas and that, you might say, is a quid pro quo point - You have got the full rights of the British Army and therefore you have the full obligations of the British Army.

HON M A FEETHAM:

I understand that now that you have explained it in much more detail and it clarifies a couple of the points. What I was saying was, if somebody signs on in the Regiment knowing that these are the conditions as a member of the Permanent Cadre and we pass the legislation which now says 'you can be sent out of Gibraltar', somebody may want to change his mind and whether his conditions have been changed without him being in agreement.

HON ATTORNEY-GENERAL:

If he wants to change his mind I am sure the Commanding Officer will allow him to opt out, if he only wants to stay in Gibraltar, if he doesn't want to be, dare I say it, a real soldier should be liable to orders to be sent abroad, if he is not prepared to do that his terms and conditions are governed by the present Section 4: "Save as may be necessary for the local defence of Gibraltar no member of the Regiment shall be liable to serve or proceed on duty outside or beyond Gibraltar without his consent". Well, if he wants to stick to that then there is no place for him in the Regiment now and certainly in the Permanent Cadre. In the Volunteer Force, yes, unless it is an emergency. I think I know the Gibraltar Regiment well enough to say each and every one of them will want to be equated as soldiers to serve as their Commander-in-Chief wishes them to serve be it within Gibraltar or without Gibraltar and if they don't want to do that then they can opt out.

HON M A FEETHAM:

Mr Speaker,

MR SPEAKER:

With respect, this is the debate on the Second Reading, perhaps this is a matter which can be clarified at the Committee Stage but we are not going to have a ding-dong now.

HON ATTORNEY-GENERAL:

The only other point I wanted to raise for the Hon Mr Feetham was the question of the power to call out the Regiment for civil disorder. We haven't changed that at all, it was just what does 'actual military service' mean? I don't know what it means, it was imprecise and the Ordinance limited the Governor's powers to issue a proclamation for all those things, civil disorder, etc, etc. Now what we are saying is the Governor may issue a proclamation if he thinks it is proper, regardless. But, anyway, without this if there was a situation as such in Gibraltar that we needed to call out the Regiment to deal with civil disorder it probably wouldn't be done under the Gibraltar Regiment Ordinance, it would be done under the Emergency Powers Order in Council where you declare a state of emergency and then the Governor is free to act more or less as he wants under the Emergency Powers Order in Council. I don't think this is changed in the slightest.

MR SPEAKER:

Are there any other contributors? Does the Hon and Learned the Chief Minister wish to reply?

HON CHIEF MINISTER:

Yes, I want to deal with the two matters which have been raised which I think are the only matters, really, of substance. In the first place, from my knowledge of this and I have been answerable here for some time on the Gibraltar Regiment, in fact, we had a nominated Member at one time, I think it was Charlie Piccone who used to answer on the Gibraltar Regiment and then the Chief Minister took it over. First of all, I can say with all authority that the Gibraltar Regiment is considered by the Army Council, by the Chief of the Defence Staff and by everybody in the hierarchy of power as a great contribution to the defence of Gibraltar primarily and for no other purpose. To some extent, the same as HMS Calpe is considered of great importance for the Communications Centre. What would happen in an emergency and everybody was called, the bulk of them are employed in the Government, I don't know how the Government would run

with all the people in the Volunteer Force being called out in an emergency, perhaps some arrangement could be found for that. I don't think there is any change about that, I think it is just a reiteration. The second thing is, of course, in a proclamation being able to call the Army for civil disorder. That, I think, is because it happens in the rest of the Army Act and so on. First of all, one is reluctant to have soldiers even who are not local, let alone local soldiers being called out for civil unrest and I don't think is anybody's intention. In 1968, the one and only Black Saturday, I stuck my neck out to stop the Army from coming out and in the morning we avoided it but later on another group came and it was impossible to control it. So it is certainly not the intention of the Government or anybody having anything to do with the amendment of this Bill to think in terms of the Army for civilian unrest, I hope it never happens and I hope that if it happens that our Police Force is adequately trained to cope with any situation like that. With regard to the other one, it is interesting that I was telling the Attorney-General that the last time I had recollection of this matter regarding the conditions of service is when they were, I think, assimilated because at one stage I remember the pensions of officers had an 'X' element reduction from the normal UK pensions because they did not have the duty to serve abroad and they fought hard to get their equality and, naturally, they got it but equality means equality all along the line.

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

HON CHIEF MINISTER:

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

This was agreed to.

THE HOUSE OF ASSEMBLY (AMENDMENT) ORDINANCE, 1987

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to amend the House of Assembly Ordinance be read a first time.

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

SECOND READING

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that the Bill be now read a second time. It is the second shortest Bill that I have ever brought before this House, the other one being the amendment of one section. This is the amendment of two sections. It has been done, of course, in consultation with the Opposition and that is that the present allowance of £400 per candidate for an election be increased to £750. There have been comments in the press about the fact, in fact, we had one particular, eternal independent candidate who always complains that he hasn't got enough money to run an election campaign and that it gives an unfair advantage to those who stand in a list because the amount can be multiplied by the list consisting of eight, seven, six, or whatever it is. But, anyhow, it is quite clear that printing costs, distribution costs and postal costs have gone up and we felt that £750 strikes a fair balance. If you put up the amount too high then you give an advantage to a person with a lot of money to be elected as against a person of modest means yet if you put it too low you don't give persons with reasonable means sufficient money to project themselves in order to be elected and that is the first amendment, by amending section 4(1) by omitting '£400' and substituting it with the expression '£750'. The second one is an advantage which we have been able to take to further extend the right to vote by postal vote and that is, we are taking away the words 'on courses of study, or for health reasons or recreational purposes, or for purposes connected with their employment or business within Gibraltar' which really means that anybody who registers himself beforehand because he is not going to be here for an election, hasn't got to qualify other than the fact that he is in the Register and he won't be here and I think this is a good move because it will increase the number of people who would not otherwise be able to vote. In fact, we are ahead of UK on this in that respect because they are still limited in some extent as to the way in which they vote. I commend the Bill to the House.

MR SPEAKER:

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

HON M A FEETHAM:

Briefly to say, Mr Speaker, that we are supporting this Bill. We have already agreed beforehand that we would be doing so. But in passing just to say that I hope that now that we have increased the expenditure allowance for people to stand for election, that we will have loads of independents coming forward, standing for election and telling us how they are going to resolve the problems of Gibraltar, Mr Speaker. I hope that there will be plenty of candidates.

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

HON CHIEF MINISTER:

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

This was agreed to.

THE COMPANIES (AMENDMENT) ORDINANCE, 1987

HON A J CANEPA:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Companies Ordinance be read a first time.

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

SECOND READING

HON A J CANEPA:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, I want to mention right at the outset what the intention is, in fact, regarding the Committee Stage of this Bill. I believe the Chief Minister has already indicated to the Hon the Leader of the Opposition what the intentions are. When Hon Members see on the Agenda Paper that the Committee Stage of the Bill is being taken at this meeting that does not mean that the Committee Stage is going to be taken today or tomorrow. The intention is to adjourn the House to a convenient date in November when, not only will the Committee Stage of the Bill now before the House be taken, but when substantial amendments will also be introduced then and they will be circulated well beforehand, in time to give Hon Members opposite enough time to consider their import, amendments in order to enable the incorporation of open-ended investment companies. But coming to the Bill at the moment before the House, Sir, I think the House will recall that during the last Opening of the Legal Year, the Leader of the Bar expressed the Bar's dissatisfaction at the delays at the Companies Registry over the registration of companies. The Finance Centre Group have on various occasions, particularly in the financial sector think tank, raised their grave concern at these delays which are not only inhibiting the growth of Finance Centre activities, but causing the loss of clients to other jurisdictions. The Gibraltar Lawyers' Association have also made strong representations on this matter. It should also

be said, Mr Speaker, that the staff at the Registry have been praised for their goodwill and for their dedication in a difficult environment but the problem as of late been worsening rather than improving as the volume of business has increased. The nub of the problem is the time which is taken for vetting the proposed names of companies as required by the Companies Ordinance. At present the computer is taking an average of forty minutes to search through its memory and print out lists of what it identifies as identical or similar names. These lists are then manually checked as, apart from not being visually identical, a name must not be phonetically identical. This procedure is employed for every company name which is submitted for approval. The following statistics, Mr Speaker, show the growth in the number of names which are submitted for approval and in the number of companies being incorporated. During 1985 the number of names submitted for approval was 5,161. This has grown in 1986 to 10,219 and up to the end of July, 1987, the corresponding figure is 8,893. Insofar as the number of companies incorporated is concerned, the figures are 1985 - 1,999; during 1986 - 3,820; and during the first seven months of this year - 2,872. The number of companies on file during 1985 was 10,611; during 1986 14,431 and the first seven months of the year 17,303. Mr Speaker, I think Hon Members also probably saw an article on the front page of the Chronicle, I think, of this Monday. What measures have we adopted and are we adopting in order to try and correct the situation? Let me say, first of all, Mr Speaker, that on the 23rd September the Government, that is, Council of Ministers in this case, gave the go ahead for the appropriation of funds for the purchase of a new computer. Secondly, we instructed the Establishment Division to submit a paper to Council of Ministers by the third week in October making provision for the employment of additional staff. That paper would have gone to Council of Ministers today had we been meeting, I saw it in draft on Monday and I dare say that it will be considered by Council of Ministers at the next meeting. The third measure is the legislation, the Bill now before the House. It is considered to be a significant step towards a solution in an area which is in dire need of revision. The Ordinance, Mr Speaker, prohibits a company from being registered by a name which is identical with that of a company registered in Gibraltar or, from information available to the Registrar, to that of a company registered in some other country or which so merely resembles those names as to be calculated to deceive. However, this is, in fact, placing an intolerable burden on the Registrar since he has to satisfy himself that a proposed name does not offend against these requirements before approving it. And given the Registrar's scant resources, we don't think that he should have to concern himself with protecting companies elsewhere when no reciprocity exists for Gibraltar companies. The United Kingdom Companies Act 1985 simplifies the arrangements for the approval of company names and what we are recommending is that similar arrangements should be introduced in Gibraltar. Under such arrangements the Registrar of Companies would keep an index of the names of existing companies to

enable promoters of a company to select its name by comparison with the index and thus approval before registration will not be required. When choosing a name, the promoters would be expected to satisfy themselves in advance as to the acceptability of the proposed name bearing in mind that an objection could be received and that could result in the company being directed to change its name. Broadly speaking, a company would not be registered if: (a) it is the same as a name already appearing on the index, and phonetically identical names would be allowed as not being the same, they would not be regarded as being the same (b) if it contains the word Limited or an abbreviation of the word except at the end of the name, and (c) if in the opinion of the Registrar it is offensive or its use would constitute a criminal offence. The Registrar will not be required to give provisional name approval except in cases where the prior approval of the Governor is specifically required, for example, where it contains the words Royal or Crown. The Registrar would have certain powers to direct a company within a period of twelve months of its registration to change its name if it is the same as or, in his opinion, too like a name appearing in the index at the time of registration. Such names would normally be brought to the Registrar's attention by objections being lodged by any person who may feel that the name is the same as or too like that of a previously registered company. Redress would continue to be available to an existing company by means of legal action, for example, by seeking an injunction to restrain another from carrying on business under a name likely to cause the public to believe that the business of the company is that of the existing company. Mr Speaker, the measures which I have referred to, namely, in respect of an increase in staff, in respect of the provision of a new computer and in respect of the Bill now before the House, are considered to be important and urgent in order to tackle this problem and the urgency of that is, in fact, reflected in the fact that we are not postponing the Committee Stage to the next meeting of the House which could be, say, in December, but that we are desirous to take the Bill through Committee as early as possible. The Bill has been seen and vetted by the Finance Centre Group who have expressed themselves content with its proposals. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, we shall be voting against this Bill as a matter of principle because I think it is deplorable to find ourselves today discussing an amendment to the Companies Ordinance which no doubt let me say that the Opposition supports fully the development of the Finance Centre, indeed,

the arguments being put over by the Government to assist the streamlining of the activities of the Finance Centre. Indeed, the boom in the Finance Centre is reflected by the figures which have been given to us by the Hon Member opposition which shows that the legal profession are easily making increased earnings. Fine, nobody should decry anybody increased prosperity and consequently it is not that that puts us against this amendment. Why we are going against the amendment, of course, is that for a considerable time we have been pressing the Government to include in the Companies Ordinance Directive No.4 on the disclosure of company accounts. And whilst we support that more money should be made in the Finance Centre and that more companies should be registered, and that more banks should come to Gibraltar, there is the other responsibility in that industry to their employees and to consumers and to the rest of the people interested in knowing exactly what the accounts of that company is all about. Whilst we have been told very clearly by the European Community that we have to comply with that Directive, the Government is still dragging its feet and, quite frankly, it reflects on the Government's will to resolve that problem. We cannot continue to put the day off. At the last meeting of the House, I think it was, the Hon Member said in response to a question that I put, that the Companies Ordinance streamlining was not imminent. In other words, it was going to take time and I said at the last meeting that it was not acceptable and consequently we are going to vote against the Bill and I wanted to make it quite clear why. It is one thing for an inspired story to come out in the Gibraltar Chronicle saying: 'The Finance Centre is having difficulties with this, difficulties with that' at the same time that this Bill is in the House and, no doubt, to influence - everybody does it - to influence the people who are going to pass legislation.....

HON A J CANEPA:

If the Hon Member will give way. I don't know whether everybody does it but the Mover of this Bill, that is myself, has got nothing whatsoever, I declare most solemnly, to do with that inspired story in Monday's Chronicle. Nothing whatsoever, I haven't said a word to any journalist about it.

HON M A FEETHAM:

Let me say one thing, I agree with the story, I have said we are in support but what I am saying is it happens all the time, Mr Speaker. People do lobby and people want to get their business through as quickly as possible and I accept this question that people want to register a name of a firm and before the name is approved they have to look through all the list and so on and I think it is an outdated piece of legislation insofar as that is concerned, probably going back to 1927 or whatever, as there are lots of legislation in Gibraltar which are outdated and it is only when the pressure is there that we begin to update it but we must

not lose sight that there are other responsibilities to everybody else in Gibraltar so far as the Government is concerned in updating the Companies Ordinance because it is deplorable. Last year the Government brought a Bill to the House on the employment side, the Employment (Amendment) Ordinance for 1986, it is still there, you are bringing one now for 1987 and it is still there. We have got the Sex Discrimination Bill which was brought in the first meeting of this House in 1984, it is still there and I am sure if I carry on I will remember other Bills. Things which are important to working people in Gibraltar and they are still there and all of a sudden we are told we want to update the Companies Ordinance, we want to bring it up-to-date, we want to incorporate this part of the companies disclosure of accounts which has still not been done and then we get legislation being pushed through because they are under pressure from a particular sector and we tend to forget the rest. As a matter of principle, Mr Speaker, having cleared our position of supporting the Finance Centre activities we have to vote against this Bill on the basis of the arguments I have put.

MR SPEAKER:

Are there any other contributors?

HON ATTORNEY-GENERAL:

Could I just make one point and I think I must make it in all fairness to the Government. The Government is not dragging its feet on the implementation of the legislation implementing the second and fourth Directives on company law. It is with a draftsman in the United Kingdom, the last meeting I had with this draftsman and with the DTI was, I think, at the end of May and specific instructions were given. There is nobody more anxious to implement this legislation implementing the Second and Fourth Company Directives than Her Majesty's Government in the United Kingdom but the amendments are considerable and one of the problems in getting these amendments is we are putting highly sophisticated legislation onto the framework of a 1929 piece of legislation. This is much easier in that it is simply two clauses. The implementation of the Fourth Directive needs much more legislative amendment and it seems, I think the whole of the first draft of the legislation implementing the Directives, we sent it back to the United Kingdom with many comments and this was post-May this year and the draftsman is now drafting in accordance with the comments that we made. I originally asked the draftsman if she would include these particular amendments in this Bill. I didn't want to hold up the legislation implementing the Second and Fourth Directives so I did this one myself so as not to hold the implementation of the Second and Fourth Directives. And the present position is, as I stated at the Opening of the Legal Year, I am hoping that we will have a completed draft for circulation by the end of this year, and in the Opening of the Legal Year I said this year, the calendar year 1987.

I am completely and utterly and entirely in the hands of the draftsman in the United Kingdom and she is being pushed by the Department of Trade and Industry because Her Majesty's Government want it, so please it is not the Government dragging its feet. If anybody is dragging its feet it is, perhaps, the Attorney-General because he cannot prod the draftsman in London hard enough to get us the legislation.

HON J BOSSANO:

Mr Speaker, it is very generous of the Hon and Learned Member to gallop gallantly on the scene to try and give the Government a cover-up operation, it won't work.

HON A J CANEPA:

He has stated the facts.

HON J BOSSANO:

It is not stating the facts, Mr Speaker.....

HON A J CANEPA:

It is..

MR SPEAKER:

Order.

HON J BOSSANO:

We joined the EEC.....

HON A J CANEPA:

We know the facts, you don't know them.

MR SPEAKER:

Order.

HON J BOSSANO:

The Hon Member may know the facts and I have been long enough in this House to know that they twist the facts on that side of the House and they come out with press releases saying one thing about GSL one day and the opposite the next day because they are.....

HON A J CANEPA:

We have had enough of GSL for two days.

MR SPEAKER:

Order.

HON J BOSSANO:

The Hon Member has had his say and if he wants to have another say I will give way.

HON A J CANEPA:

I do and I shall when I exercise my right of reply.

MR SPEAKER:

Order.

HON J BOSSANO:

Then he should shut up and wait until then, that is what he ought to do. What the Attorney-General has done is an obvious and transparent attempt to provide a cover-up for the Government and the reason, Mr Speaker, is that we joined the EEC in 1973 and the First Directive was passed in 1968 and it isn't since May that we have been waiting for the application of the First Directive on company law requiring publication of accounts, it is since 1973, fourteen years. Where was the Hon and Learned Member in those fourteen years, talking to his counterpart in the Foreign Office? The reality of it is that there is pressure from certain areas of the business community to keep their accounts under wraps and those pressures operate through the machinery of the AACR and that is why it is a political issue, nothing to do with the Attorney-General, nothing to do with the Foreign Office. Of course, when it comes to company accounts would the Hon Member like to spell out how they compare the new registration in between Chambers or has that nothing to do with it? No, well, I think it is very fair. What is fair, the kind of innuendos they throw at us from the other side? That is fair, Mr Speaker. The rush to do this is because there is money, a lot of money, and it is not money that is coming in through the Income Tax Ordinance or money that is coming in through the exempt companies, it is a lot of money being made by a lot of people. If 2,000 companies were registered in 1985 and 4,000 were registered in 1986 somebody did twice as much business.

HON CHIEF MINISTER:

There are forty-five lawyers.

HON J BOSSANO:

Well, then forty-five lawyers shared 100% increase in their turnover or maybe somebody had 10% and somebody had 500% and the average was 100% increase in turnover in 1986 and another 100% increase in 1987. I would like to know what Hon Members would say if they had been faced in GSL or in any other area with union claims of 100% per annum compound increases in income. What would they do, throw their hands in horror? But when it is a question of bringing legislation in if we have to meet in two weeks time to get it through then we do because we must have a unit trust, we won't make the end of the year without the unit trust, without the open investments. The average person in the street won't know that there are unit trusts or no unit trusts. The average person in the street is interested about how it is that all this boom and all this money and all this wonderful Finance Centre, how that is improving their life, the average person that works and lives in Gibraltar. Of course, there is no reason why we shouldn't welcome prosperity in one quarter provided it is even-handed, as my colleague has said. We certainly are not prepared to support any amendments of the Companies Ordinance designed to encourage more companies to register in Gibraltar who are in breach of Community Directives like the ones that are already registered are and that is what you are doing. What you are doing is, you say it is not enough that we have got 17,333 companies breaching the Directives, we want to make it easier for 30,000 companies to come in and breach the Directives. If one of the arguments about not wanting to publish accounts is that they are all going to go away, then they are going to pass a law now to let them all come in and then by the end of the year when we make it compulsory to publish accounts they all go, so what are we doing it for? Because that is one of the arguments that has been said if not here it has certainly been said in more than one cocktail round. They are all going to disappear in fear, privacy and secrecy is very important and therefore they come here because they have got something to hide, presumably, that is why they don't want to publish their accounts and other people require them to publish their accounts. What is the mystery about the publication of the accounts? Why cannot we have a two-line amendment in the law that says that the information you have to give to your shareholders should be available to anybody that writes in to the company and gets it? If I want to find out, Mr Speaker, what is happening in a business activity here I cannot but I can write to the company secretary in London and I can get the annual reports of what they are doing everywhere else but I cannot find out what they are doing in Gibraltar where I may be affected as a customer or I may be affected as an employee or I may be looking after the interests of the employees of that enterprise. Well, it is not on, certainly they will come back to the House but they will have to vote against an amendment that we shall bring disclosing company information.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, the Hon the Leader of the Opposition has, of course, in his intervention given the lie fully and entirely to the lip service which the Hon Mr Feetham pays to the development of the Finance Centre. They are not really interested in the development of the Finance Centre. Perhaps they are grateful and welcome the additional jobs that are provided, yes, but they are not really interested. They are not interested because as we have seen here this afternoon they consider that the Finance Centre is just an opportunity for lawyers in Gibraltar to make more and more money, that is all, lawyers and accountants and the Hon Mr Bossano has said that in the House. For political reasons and for electoral reasons they try to pretend that they care and they are interested and they try to pretend that they are not, in fact, antagonistic to the aspirations of people that work in the Centre. But by their attitude here this afternoon and by their voting against this amendment the message that is going to go out of this House to people in the Finance Centre is that the Opposition doesn't care and that if Hon Members opposite get into Government then heaven help the people in the Finance Centre and I will predict that the growth that we have seen in the last six months will be a thing of the past. Capital will flee from Gibraltar because of the attitude of Members opposite and jobs will be lost. I am glad to see that their protective clothing is off this afternoon and that people are going to see exactly where Members opposite stand on this important growth area of the economy of Gibraltar. Why on earth is the Opposition so interested, why have we had question after question in this House about the implementation of the Fourth Directive? What is the real motive behind the Opposition? Why do they want that information? I have my own view as to that and to say that they are voting against as a matter of principle, to say that the Attorney-General is covering-up. Do we need the Attorney-General to cover up for anything? And I myself least of all, I push the Attorney-General incessantly to get legislation ready and to bring matters to the House as expeditiously as possible. To say that there is more urgent legislation affecting working people that we have ignored, my record in this House over the last fifteen years is second to none when it comes to bringing legislation to the House and no Member of this House in the past has brought more legislation on labour matters and more legislation on social matters than I have done. The same attitude and the same effort and interest that I put into my work as Minister for Labour, I also put into other matters. Some are more complex and more difficult but I try to do my duty and to do my job and that is why I continue to bring, at every opportunity, important legislation to the House. That is what has happened

with the Bill now before the House. I took over the Chairmanship of the Finance Centre Think Tank a year ago, it has taken me some months to begin to familiarise myself with the problems and with the aspirations of the people concerned and I give them my support and my help as I would give any group of people in Gibraltar who are desirous of improving the economy and doing things for the general good. That is why this Bill is before the House and that is why at Committee Stage there is going to be another important piece of legislation brought to the House also for the benefit of the economy in Gibraltar. The legislation for the Fourth Directive is in London, it is being drafted by a person specially engaged and paid for by ODA to produce that legislation and when it is ready we will bring it to the House. We certainly are not going to bring a piece of legislation to the House which is going to stultify Gibraltar's development as a Finance Centre. I will say to London that if they cut off development aid to Gibraltar, if we are expected to pay the bill for Gibraltar in the future and so on, then we also have a right to determine what legislation we bring to the House and to ensure that that legislation does not work against the economic interest of Gibraltar. That I will tell London.

HON M A FEETHAM:

You are wrong.

MR SPEAKER:

Order, I will not have interruptions and I will have to call your attention.

HON A J CANEPA:

And I am sure that if they get into power in respect of the implementation of the Fourth Directive they will be the 'darling boys' of the Department of Trade and Industry and of the Foreign Office, I have no doubt. But let Hon Members not forget that the average parent in Gibraltar is also very grateful that their sons and daughters can look to secure employment because it is the most secure employment that there is in Gibraltar in the present circumstances. Over 100 jobs were created in this area in the six-month period from October, 1986, to April, 1987, and that is a very real achievement. What I think irked Hon Members opposite is that we are the ones who are in office, I have been in office during the last two and a half years of dramatic growth in this sector. I expect that they don't like it because it is a real political success. As I say, I am sure the message will get loud and clear to people from outside that the lip service of the Opposition to the growth of the Finance Centre has just been mere words and that there is no substance to that at all.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

The Bill was read a second time.

HON A J CANEPA:

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading of the Bill will be taken at a later stage in the proceedings when the House resumes on the 10th November.

THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE, 1987

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Landlord and Tenant Ordinance be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, the object of this Bill is to remove another difficulty which has arisen in the interpretation of the Landlord and Tenant Ordinance. Under section 69 of the Ordinance the Landlord has the right to charge a premium not exceeding two years rent as a condition for

granting his consent to an assignment of a tenancy of business premises. Under the existing section 2(3) of the Ordinance 'unless a court of competent jurisdiction otherwise determines, any transfer or change in the legal or beneficial ownership of any share in a tenant company or any change of the membership of a tenant company constitutes an assignment of the tenancy or a cesser of occupation of the premises and consequently every time a person buys or sells shares in a company whose shares are traded in on a recognised stock exchange, the company is deemed by section 2(3) to have assigned the tenancy of any property which it rents in Gibraltar or to have ceased to occupy such properties and thus giving the landlord the right to charge a premium of up to two years rent. Mr Speaker, this is clearly wrong and it was not intended by the draftsman or by this House when it enacted section 2(3) of the Ordinance and this Bill corrects the position and I commend it to the House, Mr Speaker.

MR SPEAKER:

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

HON J L BALDACHINO:

Mr Speaker, this Ordinance has always been a controversial Ordinance even when it was brought initially. I won't refer to Part III of the Landlord and Tenant Ordinance which applies to dwelling houses but it appears that Part IV which applies to business premises is receiving the same treatment. Even though we are amending section 2(3) it still has a bearing indirectly to section 69 of the Ordinance. Section 69 of the Ordinance, Mr Speaker, has up to date received two or three amendments already. As a matter of fact there is still one which was brought by the Hon Member on the 27th November, 1986, which he withdrew on the First Reading saying that he would bring it at a later date and we still haven't heard anything about that amendment.

HON ATTORNEY-GENERAL:

That Bill is not being proceeded with.

HON J L BALDACHINO:

I am grateful to the Hon Member for clarifying that point. Anyway, Mr Speaker, my reservation on Part III was that landlords had really all the advantages when it came to finances and as a matter of fact the last amendment to section 69, Mr Speaker, when the Government brought this amendment, the initial provision in the Ordinance was that if you had a business and if you sold that business and whoever bought

that business was going to carry on with the same business then there was no premium whatsoever to be paid and my Hon Colleague, the Leader of the Opposition, at the time objected to this. What is happening now is precisely the contrary to the spirit of what they have been doing to the Landlord and Tenant Ordinance. In other words, whereas before it was all the time protecting the landlord, now we have the tenant being protected against the landlord and it is a question of how strong or how wealthy the tenant is. That is really what they are doing. If a tenant has shares in the stock market it must be quite a powerful business and company, a bank or something like that. And what are they doing? If those shares are sold so long as it is in the stock exchange they don't have to pay a premium to the landlord. And yet if somebody has a small business and he sells his business to somebody else he has to pay a premium of two years rent. That is what the Government is doing. If they want to do that for the powerful why don't they do that for everybody? Another query I wanted to raise, Mr Speaker, is what happens if there is a company with shares and the person passes away and the shares have to be passed to somebody else in the family - I hope the Hon Member is listening, Mr Speaker, because I expect him to answer that - a company which is not on the stock exchange which has shareholders, a local one, is owned by shares by the family and one of the shareholders dies and if the shares have passed to somebody else within the family then they have to pay a premium because of that. And why is it for one and not for the other, Mr Speaker? It is an injustice. It was an injustice on Part III of the Landlord and Tenant Ordinance for dwellings and now the same injustice is happening on Part IV of business premises. I hope the Hon Member considers what I am saying and most certainly, Mr Speaker, we are not prepared to vote in favour of any amendment on this piece of legislation or on this Ordinance because I think it is an injustice. They did it in Part III and now they are doing it in Part IV, Mr Speaker. There are no more than six companies involved in this at the moment. We are not prepared to support this on those grounds, Mr Speaker. Thank you very much.

MR SPEAKER:

Are there any other contributors? Does the Mover wish to reply?

HON ATTORNEY-GENERAL:

Mr Speaker, it is not a question of trying to help the powerful or the strong and not doing anything for the weak, it is simply really a matter of commonsense. Let's take Barclays Bank - I wish I could have thought of another example but that was the only one I could think of - but Barclays Bank, their shares are quoted on the London Stock Exchange. Barclays Bank are tenants of many properties in Gibraltar. Barclays Bank shares are dealt with every day on the stock

exchange. The membership and the shareholding of the shares of Barclays Bank change from Mr A who lives in Worthing to Mr B who lives in Shoreditch and every time that happens the way section 2(3) is drafted, there is an assignment and therefore the Gibraltar landlord who is fairly astute says: 'I want my premium of up to two years rent'.

HON J BOSSANO:

If the Hon Member will give way. Have, in fact, there been cases of the half a dozen public companies that are operating in Gibraltar, because we have asked before how many of the companies registered were public quoted companies or how many of the companies incorporated were public quoted companies and the figure was negligible. Have there been any instances, in fact, of what the Hon and Learned the Attorney-General says is happening, some clever landlord coming along and saying 'I want my two years premium'?

HON ATTORNEY-GENERAL:

A firm of lawyers referred the matter to my Chambers and said 'This is the danger'. We have no doubt whatsoever because this is covered in section 2(3), unless a court of competent jurisdiction should decide otherwise. We know that if we went to the Supreme Court the Supreme Court would say 'That is not a transfer and that doesn't entitle the landlord to the premium'. But the lawyer was right in pointing out to me because this obviously wasn't intended, 'Why should we put our clients to the cost of applying to the Court to say 'This is not a transfer'? I think every Member of this House if he puts his hand on his heart can say 'when we passed and enacted section 2(3)' - I wasn't in the House at that time - but when section 2(3) was enacted we never expected this scenario. I don't think it was ever thought and so we said 'When Barclays Bank shares or any of the other six or how many it is public companies whose shares are quoted on the stock exchange have a sale of shares don't let's give the Gibraltar landlord the right to charge up to two years rent on a deemed transfer or assignment of tenancy'. It doesn't make sense and that is what the Bill is about..

HON J BOSSANO:

If the Hon Member will give way. Does he then argue by implication that the point that was made, we know what the Bill says, we are not arguing with what it says, we can see that it is in fact a nonsense to suggest that every time somebody buys or sells shares on the stock exchange the landlord should raise the rent or charge a premium, that's a nonsense. The point that we are raising, Mr Speaker, is there are for six or seven companies that have got publicly quoted shares there are 17,000 that haven't publicly quoted shares. We have had a situation where Galliano's Bank has just had its shares sold. Apparently they own the properties in which they are housed, had they not owned them the landlord would have been able to charge a premium.

HON CHIEF MINISTER:

Of course.

HON J BOSSANO:

Why of course? Suppose one of the brothers had sold his share and not the rest, the same would happen. You have got a situation where if it is less than 50, I understand, it is not a public company. Less than fifty shareholders is not a public company.

HON CHIEF MINISTER:

No, a private company can have more than fifty.

HON J BOSSANO:

Right, a private company can have more than fifty so if it is less than fifty it is not public, it is private. There are many companies, for example, that I know of where there are changes between members of the family or relatives or people buying in or every time there is a share transaction we are being told the landlord can raise the rent and that makes sense and that is equitable. That is the policy of the Government. This one doesn't make sense and it is not equitable and it is a manifest nonsense and it was never intended. But what is being retained is Government policy, is intended and is equitable. We must be told that because they are not seeking to change the rest or we will move an amendment to take the others out as well when it comes to the Committee Stage.

HON ATTORNEY-GENERAL:

I accept that, of course, the second part of the Hon Leader of the Opposition's contribution is a matter of policy of the Government but my brief is not to protect but to remove the nonsense. I don't know about the policy decisions of the Government insofar as the transfer of companies whose shares are not quoted on the public stock exchange, that is up to the Government.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

The Bill was read a second time.

HON ATTORNEY-GENERAL:

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

HON CHIEF MINISTER:

I would like to say something about this. It is all very well to say 'we will bring an amendment' but, of course, that amendment could be very serious and could have wide repercussions. I don't mind if, in fact, they are serious about this, to leave the Committee Stage to the 10th November or whenever we are going to meet and let us have the amendment long before so that we know the implications and we are now going to ask exactly what you are entitled to ask from us and that is time to consider this matter. With that and all the other amendments which you have had plenty of time with the Bill.

HON J BOSSANO:

We agree with that.

MR SPEAKER:

So notice is being given that the Committee Stage will be taken on the 10th November.

THE PUBLIC UTILITY UNDERTAKINGS (AMENDMENT) ORDINANCE, 1987

HON J B PEREZ:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Public Utility Undertakings Ordinance be read a first time.

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

SECOND READING

HON J B PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, basically the main objects of this particular Bill before the House is, what I would term, a tidying up operation of our present legislation, in particular section 40 onwards of the Public Utility Ordinance. The main basic reason making this change in the legislation necessary was as a result of a court case, I think it was in the Magistrates Court, in which the Arrears Section of the Gibraltar Government were proceeding against a particular individual for non-payment of telephone bills and the evidence being adduced was, of course, the metered units which we had at the Exchange and the Judge held that, in fact, it wasn't absolutely clear whether we could use the metered units in the Exchange as prima facie evidence that the call was actually made. So it is as a result of that particular court decision that this legislation is now required. Hon Members opposite will note that there are also provisions, of course, in the event of a particular subscriber which, again, there is a provision which doesn't exist today, we are now enacting legislation to enable a subscriber who perhaps may be aggrieved or unsatisfied with the number of units on the bills that he is receiving and there is now provision in which he can make certain applications to the court in which the whole matter can be looked at. As I say, it is basically a tidying up operation and basically arose as a result of a decision of the Magistrates Court. Now the position will be, if the Bill goes through and becomes law, that we will be able to use the metered units by way of evidence to establish that somebody has made those calls. I think there is very little that I can add, Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON J C PEREZ:

Mr Speaker, it seems to me that this Bill is being brought in as the Hon Member has explained because in one particular court case the Magistrates ruled that the Government wasn't able to use the meter as prima facie evidence in court. One wonders how many cases have been taken to court with similar evidence and on how many occasions the Government has been breaking the law to that extent unless it is that this was the first case and the Magistrates warned the Government that this situation was an anomaly. Then we are actually putting right something which we have seen is wrong with the first case but that would suggest that since metered

calls were in existence no other cases of arrears of telephone subscribers have gone to court or of disconnection, of course. Clause 3, as I understand the explanatory memorandum here, in effect gives the Government the power that it does not affect the consumer's liability to pay any amounts outstanding to which no objection has been taken. Surely, that is the position today and why do we need to include it in the legislation? Surely, if I have a dispute about one bill, the situation is that the other bills for which I have no dispute with the Government I am still liable, that is true today without this clause being entered into the legislation.

HON ATTORNEY-GENERAL:

If the Hon Member will give way. This is so but, of course, if you have got a bill outstanding on your meter, the meter reading, and you say 'I don't object to that, I am paying that' but then you get the next bill and it carries on the meter reading from the last meter reading and you say 'I object to that one, I haven't had so many units'. So this is ex abundanti cautela, if you like. If you don't object to the first one which takes it up to 1234, you pay that and, okay, you object from 1234 to 2345 and you are objecting to that but you must still pay the 1234 because you are not objecting to that. That is the reason for it.

HON J C PEREZ:

That is what I am saying should already be the case.

HON ATTORNEY-GENERAL:

Yes, but there has never been the right of objection given by clause 2 before, the new section 42 where there is a presumption. We have created a new situation.

HON J C PEREZ:

Mr Speaker, what I think we need is, basically, clarification of the points I have made, whether the Government has been empowered up to now before this Bill came to the House to disconnect telephone subscribers in arrears or to take legal action against people in arrears considering that the Magistrate has found that the law was not sufficiently tied down for the Government to be able to do this until now.

HON CHIEF MINISTER:

It would be monstrous to say that all the cases that have been taken for arrears have been improperly taken. The point is that the Public Utility Ordinance which provided for the electricity from the beginning of meters has got the provision. We had a Telephone Exchange without the use of meters prior to the going international and so on and when the.....

HON J C PEREZ:

If the Hon Member will give way. I have said since meters were introduced.

HON CHIEF MINISTER:

Perhaps if he will let me finish. Before meters were introduced, before we had the direct dialling service and there were no charges for calls either international or local, there was no need to meters, we had no meters. When we introduced meters the necessary amendment to the legislation did not provide for the existence of meters. The same as a meter reader goes to your house and whatever it reads if you find that it is very heavy, you put an objection and they put your meter to the test and this is what this is going to do, that when people object to that they can have their objections heard. He did say in one which he disputed that he wasn't satisfied that that was evidence, this is prima facie evidence, it can be upset by all sorts of things. A meter can be recorded as having made twenty-five calls and somebody can prove that nobody has entered that household and he will say 'No, I did not make the calls as the meter has recorded'. But he will have the right now to go and object and prove that he cannot be made liable to pay for that. Before we didn't have one or the other.

HON J BOSSANO:

Mr Speaker, surely, somebody must have said 'I am not paying' and was taken to court.

HON CHIEF MINISTER:

One who had an objection raised it and then the Magistrate said 'where is the power for me to show that that is a prima facie evidence?' and as it is natural that it should be, we are trying to make it so, correcting an incorrect piece of legislation.

HON J BOSSANO:

When we are talking about correcting an incorrect piece of legislation, one of the things that we have noticed, we had a situation where the Hon Financial and Development Secretary pleaded guilty earlier in these proceedings to having acted as if the legislation on rates had been changed before the legislation on rates had been changed and we changed it today retrospectively. We have had a number of incidents, the Government passed legislation in March, 1986, Mr Speaker, to which we made a reference in relation to GSL exempting from income tax the inducement allowance of expatriate managers. I asked at the time in the debate, 'is it that these people have not been taxed illegally? And now in 1986

you pass a law saying they have to pay no tax since 1984. Well, what has happened since 1984? Is it that they have paid it and they are going to get it back as the law should have laid down or that they never paid it in defiance of the law so you then come and legislate?' I am still waiting for an answer and we haven't had an answer now or since. This is the point. If the Government finds that it has been acting illegally it comes along and legislates.

HON CHIEF MINISTER:

No, you are wrong.

HON J BOSSANO:

So, in fact, the existing law, before this amendment, gives the Government the right to require people to pay whatever is on the meter independent of this law.

MR SPEAKER:

Unless he objects and then he goes to court.

HON J BOSSANO:

I know many consumers and I have been myself in the situation, Mr Speaker, of suddenly getting an exorbitant bill. I know of people who have been away on holiday from Gibraltar and they get a huge electricity bill or a huge telephone bill and they cannot explain it. When they go to the department the department tells them 'The equipment cannot be wrong, you either pay or we switch you off' and people pay. It has happened to me. No good saying 'no', I have experienced it and I know other people who have and in the end people give up. Obviously, somebody didn't give up and tested it and has found that they couldn't do what they were doing. That is our interpretation of the thing. If we are now going to give them the power to say 'what the meter says is prima facie' and the person has got the right of objection, what does it imply? Does it imply then that the Judge is the person who decides whether the meter is right or wrong and are there any indications of how the Judge....

MR SPEAKER:

No, whether he pays what he has been asked to pay or not, not whether the meter is right or wrong.

HON J BOSSANO:

So it means then that until now people had the right to say 'I am not paying the bill' and if they were sued the court could still rule that they didn't have to pay what the meter said even though it wasn't in the law because the Government couldn't use the meter as evidence. The question of their objection or not is not very clear to me because if they didn't have the right to object until now I don't see how the Government lost the case in court, somebody must have decided that he would go to court rather than pay. I will give way if the Hon Member can explain. We are not clear whether we are going to support this or not at this stage.

HON J B PEREZ:

Perhaps I can help the Hon Member. Let's be clear on one thing, the law is there which entitles the Government to Bill on a meter basis. What we are dealing with here is how to prove in a court of law when the Government takes somebody to court for non-payment of telephone bills we say, by way of evidence, 'Mr X who lives at so and so, telephone number so and so, metered units from months January to March, so many metered units, total cost per unit X' there is no doubt that we are covered in law to do that. But when it comes to proving your case the department would send somebody along and say, by way of evidence, 'we checked the meter, the meter read so many units on such and such a date and so many units on the other date'. That, according to the Judge, in his interpretation of the law, we couldn't go. I am going to give the Hon Member a very good example and draw a comparison. If you are taken to court on a speeding offence, a Police Officer would say 'I saw Mr so and so driving along Queensway, in my opinion, at a speed of X and I followed the car for fifty yards'. The law provides, by statute, because you need that evidence to be corroborated by something else, it is not enough for a Police Officer to say 'I followed the car for fifty yards and in my opinion it was going over the speed limit'. The law provides that in that case the Police Officer can refer to his speedometer so the law allows, the law actually specifies that a Police Officer can use his speedometer and the evidence of that speedometer which the Police Constable relates to the court is evidence. That is exactly what we are doing in connection with prima facie evidence of the meters. There is no question at all that we have broken the law, on the contrary, it is only a case in which in the Judge's interpretation of the law he felt that it ought to be changed and that is exactly what we have done. I hope that helps the Hon Member.

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

HON J B PEREZ:

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

This was agreed to.

THE ADMINISTRATION OF JUSTICE (MISCELLANEOUS PROVISIONS) ORDINANCE, 1987

HON ATTORNEY-GENERAL:

The Bar has requested that this Bill be considered by the Law Reform Committee before being proceeded with. I have agreed to the Bar's request and will submit the Bill to the Committee, I perhaps should have done it before printing the Bill and consequently the Bill will not be proceeded with at this meeting of the House.

MR SPEAKER:

So you are not proceeding with this particular Bill?

HON ATTORNEY-GENERAL:

At this meeting of the House.

THE ESTATE DUTIES (AMENDMENT) ORDINANCE, 1987

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Estate Duties Ordinance be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, Hon Members will recall that during the last Budget Session the Government announced its intention to restructure the system of calculating estate duty so that the duty bands should be applied on a progressive basis instead of on a flat rate dependent on the value of the estate. That is to say, a system similar to the income tax progressive taxation system would apply. I don't mean progressive in the sense that the penalties become more intense but that the succeeding tranches are

treated not with the additional ones. I haven't explained that very well. I think Members probably understand what I mean. Members will also recall that in the interim a doubling of the existing bands was introduced and that a commitment was given that the restructuring when eventually implemented would be backdated to the 1st May, 1987. The amending Bill now before the House seeks to give effect to the restructure. Its main provisions are to establish the calculation of estate duty at rates ranging in steps of five steps from nil to 25%. These rates apply progressively to bands of £20,000. To exclude from estate duty the value of matrimonial homes up to a maximum of £100,000 and to qualify for this concession the home must have been occupied by the deceased and the spouse and children, if any, for at least the twelve months preceding death. And, finally, that the amendment shall be deemed to have into operation on the 1st May, 1987. It is considered that this restructuring provides for a fairer calculation of estate duty by affording relatively greater relief to the smaller estates. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON J E PILCHER:

Mr Speaker, as the Hon Financial and Development Secretary has said, this Bill now before the House was well discussed at the time of the Budget and agreed to by the Opposition both in the bands and in the property aspects of it and the backdating to the 1st May is, in fact, in consonance with our policy.

MR SPEAKER:

Does the Hon Mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1987/88) (NO. 2) ORDINANCE, 1987

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1988, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time and in accordance with convention I do not propose to make a speech on the general principles of the Bill but I wish to give notice that at the Committee Stage of the Bill the Government will be moving an amendment in respect of one of the major items, in fact, featuring in the Schedule of the Bill under Head 101 - Housing, with a view to removing that particular item of expenditure from the Bill.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, perhaps, if you could clarify whether you think it would be better procedure that the reason for this amendment to delete this considerable sum of money to the Bill, whether you would prefer that it be given now in the Second Reading of the Bill or in Committee.

MR SPEAKER:

No, there is no reason, if it is going to affect the principles of the Bill and being a Supplementary Appropriation any amendment would definitely affect the principles, there is no reason why it shouldn't be done now and thereby give notice to the Opposition of what it is intended to do.

HON A J CANEPA:

This is the deletion of the sum of £1.2m which was being sought from the Improvement and Development Fund under Head 101 - Housing. I think that Hon Members opposite are aware that the Government had agreed as its contribution to housing under the Home Ownership Scheme, to meet the costs of the infrastructure of the Montagu Basin Project and the cost of the infrastructure was estimated to be £1.8m. Subsequently the developers sought Government assistance to help resolve the cash flow problems which they would be facing in having to fund the costs of reclamation without having recourse to the flow of funds they had expected from the sales of the first units. The Government then agreed to reimburse the developers those costs estimated at £1.2m and only contribute £0.6m to the infrastructure and thus we would be maintaining the same level of contribution to the overall project as had been originally planned. As the funds were required within the current financial year, the appropriation of this amount was accordingly included in the Bill now before the House. Subsequent and more recent negotiations between the developers and the Crown Lands Department have resulted in changes which have meant that the company will not have to be reimbursed the reclamation costs until reclamation is completed in the coming financial year. There is, therefore, no need to appropriate the funds now and the Financial and Development Secretary will move the necessary amendment at Committee Stage.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

The House recessed at 5.20 pm.

The House resumed at 5.50 pm.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Employment (Amendment) Bill, 1987; the Social Security (Employment Injuries Insurance) Bill, 1987; the Consumer Protection (Property Service Charges and Protection from Ejectment) Bill, 1987; the Gibraltar

Regiment Bill, 1987; the House of Assembly (Amendment) Bill, 1987; the Public Utility Undertakings (Amendment) Bill, 1987; the Estate Duties (Amendment) Bill, 1987; and the Supplementary Appropriation (1987/88) (No.2) Bill, 1987.

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

THE EMPLOYMENT (AMENDMENT) BILL, 1987

Clauses 1 to 3 were agreed to and stood part of the Bill.

New Clause 4

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move the following amendment to the Bill by the addition of the following new Clause. The marginal note should read: "Amendment to Section 52". The new clause 4 to read: "Section 52(5)(a) of the principal Ordinance is amended by omitting the expression "£1,500" and substituting therefor the expression "£8,883". Mr Chairman, this is the amended version of Clause 2 of Bill No.2 of 1986.

HON M A FEETHAM:

Mr Chairman, we are now at the Committee Stage of the amendment Bill for 1987 but we appear to have left behind the amendment Bill for 1986 which has not been brought to the House of which you are now bringing an amendment which was raised in the amendment Bill for 1986 and incorporating it into the amendment Bill for 1987. If you will recall, in the amendment Bill for 1986 I raised a fundamental issue whereby I said that we would be bringing an amendment on the question of the basic award in the case of dismissals and, in fact, I did raise this with the Attorney-General some time after the meeting of the House and put my proposed amendment and, as far as I am aware, I have not heard any policy statement from the Government that the amendment I am proposing is accepted or not accepted and any reason why they are not proceeding with the amendment Bill for 1986 when we have got a Bill for 1987.

HON ATTORNEY-GENERAL:

As I explained, Mr Chairman, the 1986 Bill had three clauses. The first one the short title, the second clause requiring the notification of certain employments, I think it used to be £1,500 and that was agreeable. The third clause dealt with the compensation for unfair dismissal. That was clause 3 of the 1986 Bill, that clause is not being proceeded with for the time being because, I think, it is subject still

to discussion by the Government as to what they are going to do with regard to the question of compensation. I think you made the point very forcefully in the Second Reading, this deals with unfair dismissals and you took the point that anybody who is unfairly dismissed before they can have compensation it is compensation for loss and therefore an employee who hasn't lost anything is not entitled to compensation although he has been unfairly dismissed. You wanted to make the point that the amendment that you were proposing was anybody who has been unfairly dismissed should be ipso facto entitled to compensation whether or not he has lost anything. I think the point you that an employee who is unfairly dismissed on Day one and gets a job on Day two, he gets no compensation but the lazy employee who waits to Day thirty and therefore has lost a month's wages, he gets compensation. I think that position is still being considered by Government. All I can say about Clause 3 of Bill No. 2 of 1985 is that it is still under consideration by Government. I don't know if the Minister can shed any further light. As I understand it, it is still being considered and for the time being we are not proceeding with clause 3 of Bill No.2 of 1986, but in clause 2 before it was £7,852 and we have now increased it to £8,883. The rest is policy and I cannot say anything.

HON M A FEETHAM:

When do we go through the Committee Stage of the (Amendment) Bill of 1986, in 1988? You either say that as a policy you do not accept that an employee is entitled to basic compensation at the time of dismissal and say 'This is not our policy. We can now forget about the amendment Bill for 1986, we are now going into a fresh Bill for 1987, let's get it off' and then, of course, it would be up to us, as any future Government, to say 'we want to bring in the unfair dismissal basic awards for employees who are unfairly dismissed'. The other thing is since we have been presented with this at the time of the meeting of this House, this amendment, although there may have been some discussion outside the House, as a matter of fundamental approach and commonsense, is it necessary that we should put a limit? All we are going to be doing here is that in a year's time or in two year's time we are going to update this. Shouldn't we accept that every employee, whether it be higher management, lower management, worker, should have a statement of conditions of employment on taking up employment? Why should we say 'anybody below £8,000 is entitled to a statement of conditions and anybody above is not'? I would say that quite a number of people in employment are earning over £8,883 and they would like to have a contract of employment, at least stipulated conditions laid down, I am sure I would, I am sure some of the Members opposite would if they were in employment. Would the Government not consider withdrawing this amendment and not stipulating any amount?

HON ATTORNEY-GENERAL:

Mr Chairman, as you appreciate, I cannot alter that, this is a matter of policy entirely for the Government. I must leave that to the Minister to alter or for the Government, it is policy and I don't know.

HON DR R G VALARINO:

The only way I can help here, Mr Chairman, is that I did write to the Hon the Leader of the Opposition regarding this particular Bill and his reply of the 22nd September, 1987, said: "I refer to your letters of the 20th August and of the 10th July. The Opposition will not be tabling amendments to this Bill as having looked at the principal Ordinance we have come to the conclusion that the whole Ordinance requires revision. The question of possible conflict with Community law is being followed up with the Attorney-General by Michael Feetham and other than clarification on this point, we shall be supporting the Bill. Yours sincerely, Joe Bossano, Leader of the Opposition".

HON M A FEETHAM:

That has been done.

HON J L BALDACHINO:

Mr Chairman, can the Hon Member say why we are bringing it up to £8,883, why that figure?

HON ATTORNEY-GENERAL:

It has something to do with the calculation of the minimum wage which has been agreed. I think it has something to do with the minimum wage.

HON DR R G VALARINO:

Mr Chairman, yes. If I can read: "The 1986 Bill also provides for an amendment to Section 52(5)(a) of the Ordinance which relates to extending the protection afforded by that section to persons whose wages do not exceed £7,852 a year. The amendment of this section is not controversial and the Leader of the Opposition has suggested that it should be incorporated in the 1987 (Amendment) Bill. I would certainly be grateful if action could be taken to this effect. It should be noted, however, that the figure of £7,852 should be amended to read '£8,883' as this figure is arrived at on the basis of 52 times double the current minimum wage prescribed by orders made under the Ordinance. At present £85.41 per week". That is how the figure is arrived at.

HON M A FEETHAM:

Mr Chairman, I know how the figure is arrived at. I am just questioning whether it is logical and reasonable that legislation should say that anybody is entitled to have a statement of conditions even if it is a question of them requesting it rather than limiting it to people below what one would consider to be the lower income bracket. Is there a great need on the part of the Government to limit this? It seems to me, Mr Chairman, that somewhere along the line somebody decided that we should have a minimum and I think that philosophy is out-of-date, quite frankly.

HON DR R G VALARINO:

Mr Chairman, may I clear up another matter which the Hon Gentleman has brought up as well and this could very well explain the point that he has raised. I shall read, if I may: "There is another amendment to the Employment Ordinance Bill No.2 of 1986 which has been outstanding since last year as a result of certain points raised by Mr Feetham on the amount of compensation for unfair dismissal when the Bill was debated in the House. The matter was referred back to the Conditions of Employment Board and has still not been resolved". Obviously, why it has not been incorporated into this Bill at this moment is because this matter is still with the Conditions of Employment Board and therefore has not been included as part of the Bill. I am sure that once this particular point is dealt with by the Conditions of Employment Board, it can be incorporated into this particular Bill.

HON J E PILCHER:

Mr Chairman, my Hon colleague asked, and we now have a reason, why the amendment Bill for 1986 is not being proceeded with. It is an amendment Bill for 1986 and what the Minister is saying is that it has not gone to the Conditions of Employment Board yet.

HON DR R G VALARINO:

If the Hon Member will give way. It was referred back to the Conditions of Employment Board but they have not resolved it yet so we haven't had a definite answer from the Conditions of Employment Board.

HON J E PILCHER:

When did it go to the Conditions of Employment Board?

HON DR R G VALARINO:

I am afraid I haven't got that answer at hand.

HON J E PILCHER:

As a matter of information, after the Conditions of Employment Board does it have to go back to the Government for a policy decision?

HON DR R G VALARINO:

Mr Chairman, the letter is dated the 2nd October so it is fairly late in the day. I would have thought it would have to come back to Government so that it becomes Government policy because there will naturally be a change and then Government would bring it to the House.

HON J E PILCHER:

There is, therefore, no idea of when we are likely to get the 1986 amendment which is of particular interest. The Hon and Learned Attorney-General mentioned how strongly it had been defended by my Hon colleague, it is of extreme importance to us so when are we likely to be able to see that amendment come to light?

HON DR R G VALARINO:

Mr Chairman, I will try to endeavour to bring it to the next meeting of the House and in the meantime if I may help the Hon Mr Feetham, I shall get in touch with him and I will let him know how this particular Board is getting on and I can inform him of the progress of this matter.

HON M A FEETHAM:

Mr Chairman, the reason why I am being a little bit persistent on it is because on the issue of the basic award for unfair dismissal although the unfair dismissal tribunal doesn't meet very regularly, it does meet and since the 1986 (Amendment) Bill came to the House and I proposed the amendment, and incidentally I proposed the amendment in the light of legislation in the UK, it wasn't something that one was saying 'This is a novelty'. No, it is something which is already very much an accepted principle and we wanted to include it. There has been at least one particular case very recently in the unfair dismissal tribunal where the employer was arguing that there had been no material loss on the part of the employee because he left his employment and within a week he had taken employment elsewhere. Because the law, as it stands, could be interpreted in such a way that it was very favourable to the employer, I think it is going to be prejudicial to the employee because although the award has not been made by the unfair dismissal tribunal, clearly, he was making a very strong case and the lawyer was entitled to make that case. If the House had acted a little more expeditiously in resolving as to whether we accept or we don't, at least take a decision on it, I think it would have been helpful to the tribunal.

HON ATTORNEY-GENERAL:

I can assist a little as to the date because the Second Reading of the No.2 Bill of 1986 took place on the 28th January and my recollection is that the Hon Mr Feetham came to see me sometime at the end of April because I wrote on the 2nd May, 1986, and acknowledged the letter to the Hon Mr Feetham on the 2nd May, 1986: "I refer to our recent discussion with regard to this matter. I have looked into the problem and I have referred the documents which you left with me, together with a copy of the relevant provisions of the United Kingdom legislation, to the Director of Labour and Social Security for his instructions". Therefore it would have been referred to this Board sometime after the 2nd May because the Hon Mr Feetham came to see me, as I say, towards the end of April and I sent it to the Director on the 2nd May and it probably was referred some time in May or June. Probably the delay between January and May was awaiting Mansard, Mr Chairman. I don't know, that is just my guess.

HON M A FEETHAM:

They haven't answered whether they are prepared not to put a limit, whether we can do away with it.

MR SPEAKER:

We could defer the Committee Stage of this Bill.

HON CHIEF MINISTER:

We may be able to clear up the matter, if you will bear with us.

HON ATTORNEY-GENERAL:

I believe we would like to look at this, to maintain the amendment as it stands at £8,883 for the time being because we are looking at further amendments to the Employment Ordinance and to leave this matter in abeyance as it is, on the same principle as it has always been and then when any other amendments are brought this one and, perhaps, even the unfair dismissal compensation one will be considered and put in one omnibus amendment but leave the position as it is at the moment.

HON CHIEF MINISTER:

That was the view of the Leader of the Opposition according to a letter here: "The amendment of this section is not controversial and the Leader of the Opposition has suggested that it should be incorporated in the 1987 amending Bill. My Minister has no objection".

HON M A FEETHAM:

I know what the Hon Leader of the Opposition has said. Our understanding is that you were pushing for this. We have still maintained that we are going to go along with the whole Bill, we are just holding up the House now, unfortunately, because it is a matter of principle. We still argue though that we don't see why there should be a limit on this.

MR SPEAKER:

I think the answer to that one has been that they take your point and that they will consider that when the general amendments to the Bill are taken.

Mr Speaker then put the question which was resolved in the affirmative and New Clause 4 was agreed to and stood part of the Bill.

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

THE SOCIAL SECURITY (EMPLOYMENT INJURIES INSURANCE) BILL, 1987

HON R MOR:

Mr Chairman, before we proceed with the Third Reading of this Bill, it is our understanding that the Government of Gibraltar is being taken to court by the International Transport Workers Federation for non-compliance of the law as it stands. In this respect in order not to pre-empt the findings of what they have asked would it be possible to delay the Third Reading of this Bill?

HON ATTORNEY-GENERAL:

As I understand it, Mr Chairman, an application to the Supreme Court for leave to apply for judicial review is in the leave stage. I have only just glanced at the paper, it is being dealt with in my Chambers and they haven't even got leave yet to apply for a judicial review and, of course, if they don't get leave to apply there could be an appeal and we would have a full hearing of application for leave. That is the position, whether it affects the position of this Bill I wouldn't have thought so. I think the application is to get the Director of Labour and Social Security to enforce the provisions whereby he should collect the deductions of the social insurance contributions from the shipping agents who are actually resident and have a registered address in Gibraltar and to compel this an order of mandamus, I think, to say to the Director of Labour and Social Security 'You collect these contributions' as required by the Ordinance. What view the Supreme Court will take

on that application if they even get leave, Mr Chairman, I wouldn't like to hazard because I haven't read the papers properly but there is that application in the Supreme Court. It hasn't much to do with the amendment, Mr Chairman, it applies to shipping agents to collect the employer's contributions when ordered by the Court to do so.

HON M A FEETHAM:

Will the Hon Member give way? Mr Chairman, you will recall that when this was previously discussed the Government said to the House that they were going to bring the necessary legislation to enforce or to strengthen this particular piece of legislation. In fact, what they are doing today is a complete reversal. They are doing the opposite to what they said. We have got to be consistent, Mr Chairman, especially the Hon and Learned the Attorney-General who is very conscientious about acquired rights. People have got acquired rights and it is repugnant and unconstitutional to take rights away from people who have got the acquired rights and he has been throwing that in our faces time and time again. The problem is that these mariners, in our view, have got acquired rights and you are now taking away those acquired rights. I think it is not a laughing matter because what both sides of the House want to do is to have a shipping registry and have legislation regarding registration of ships in Gibraltar which is acceptable to the rest of the world and we are quite capable of competing on our own in that respect without doing things, as has been happening in the past, which give Gibraltar a bad name. As a result of the Department of Social Security not collecting contributions we have had seamen on the high seas subjected to the dangers of working aboard ships and consequently, to all intents and purposes, not being liable or covered so strictly they would have to go to court to enforce it. We had the problem of the Syneta. We have had also the problem that perhaps the Department has not been able to collect the contributions because the Registrar, in this case the Captain of the Port, hasn't had the crew list so that they could go to the agents to enforce the legislation insofar as contributions is concerned and, all in all, we have been registering ships and we have been suspect. What we cannot do, Mr Chairman, is to be inconsistent. If we are being asked to pass legislation here which is now taking away the very argument that we were putting on behalf of the employees because, let's not forget it, the ITF and the National Union of Seamen, you may agree or disagree with what they were saying but some of the facts are very correct, we have not been complying and we left ourselves open to bad publicity. What we cannot do is say in the House 'We are going to do this to ensure that we comply' and then come to the House and do something completely different. Therefore, Mr Chairman, when we talk about this the Government or the Department being taken to court which I understand the ITF has already done and given instructions to their legal solicitors it is because there are very important principles involved and I think that Government

is rushing if knowing that there is a possible judicial review in progress, that they should try to force this piece of legislation to go through the House today. I think we should wait and see what the judgement is and in the light of that see whether we should think again, Mr Chairman. I think we should not discard lightly the fact that there are possible court proceedings. I understand that it is as a result of all the bad publicity that we are getting that the ITF is doing what they are doing and it is taking time for the thing to permeate through into the Chambers of the Supreme Court. Therefore, I think that having waited for so long for a Bill which was supposed to do something which is not being done and something else coming forward today, at least we could wait until the November meeting and see what happens.

HON A J CANEPA:

Surely, Mr Chairman, the bad publicity that we have been getting has less to do with the question of social insurability than it has to do with outer matters. I think that it would have been wrong of the Government to bring an amending Bill to the House once it knew that there was an application before the Supreme Court for a judicial review. But this Bill was brought to the House on the 25th June. We are now four months later and we are told that there is a possibility, it is not clear yet, that there might be a judicial review. I don't think that the right which the Government has to enact legislation can be constrained in this fashion because whenever it happens that the Government brings a Bill to the House and gives its First and Second Reading, if between the intervening period between doing that and Committee Stage somebody gets it into his head to make an application for a judicial review on a matter to do with the principal Ordinance, not with the amending Bill before the House, but a matter that has to do with the principal Ordinance, if that is going to be allowed to hold the proceedings of the House then the Government is undemocratically, perhaps, being held back in its right to go about its lawful business. The Bill before the House, my understanding is, does nothing more and nothing less than to bring us into line with legislation in the United Kingdom and therefore in conformity with Community law, with Community requirements and the law, as it stands at the moment, puts greater obligations on the Department of Labour and Social Security in respect of the insurability of mariners than is the case in the United Kingdom or elsewhere. We have got greater obligations at the moment than what we ought to have.

HON J BOSSANO:

Which we have never applied.

HON A J CANEPA:

which we have never applied for a variety of reasons. First of all, because we never had any ships registered at Gibraltar until the last few years and then when it was drawn to the Department's attention they had problems and as a result of going thoroughly into the matter the Department advised the Government and the Government has so agreed and therefore the Bill is before the House that we should bring out legislation into line with that in the UK. I can understand that Hon Members may disagree as they indicated during the Second Reading of the Bill that they were not in agreement with what the Government was doing, but that the Government should not proceed today with its legitimate business of getting the Bill through Committee because recently and not before June there is an indication of judicial review, I don't think that this is acceptable in principle. I don't think we, as a Government, can accept to have our rights hamstrung in this way in bringing legislation because we are establishing a precedent and the next time, in fact, it could have been on the Town Planning Ordinance that I brought an amendment to, the same argument could have been advanced, 'don't legislate because there is an application for a judicial review against the principal provisions of the Ordinance'. I don't think this is on.

HON J BOSSANO:

There isn't an application for a judicial review against the Ordinance. The Government, Mr Chairman, had their attention drawn to the fact that there was a law there and the law was not being implemented in 1985 and the record in Hansard shows the Government consistently fobbing us off with excuses when, in fact, they were knowingly collaborating with the non-implementation of the Social Insurance Ordinance. For two years they told us they weren't sure whether it applied to ships, for two years. A child could understand that it applied to ships because it was made compulsory under the Employment Insurance Ordinance and the Social Insurance Ordinance says 'anybody that has to pay employment injuries insurance pays the other'. It was obvious. When we had the tragic accident and the sinking of the Syneta the Minister for Labour gave a public undertaking in this House to the effect that the people in the Syneta would be paid death benefit if they claimed it as if they had contributed to the scheme notwithstanding the fact that they had not contributed because he recognised that his Department had made no effort and that therefore those people had an acquired right. Presumably everybody else on every ship has got that acquired right today still until it is taken away and therefore if the insurance contributions do not become payable after today they will be payable up to today and the ITF has engaged a lawyer to obtain a writ of mandamus requiring the Director of Labour to enforce the law and collect the contributions and that,

if the Government goes ahead and passes it, fine, the court will still be asked to rule whether the Director of Labour can require people to pay insurance up to today which they will. That will demonstrate the nonsense of the law to the Government because, in fact, what will they do then? They will say to all the people concerned 'You have to pay insurance until October, after October you don't have to pay insurance'. So I am somebody who is in insurable employment in October and in October you legislate and disinsure me. Then I will sue you for what you are doing to me with this law because I want to continue to be in insurable employment because you have got a law in Gibraltar which protects me against injury and death by giving me certain security which you as the Government are required to enforce, which you have made no attempt to enforce as a Government and now you take the law away, so I will sue you to protect the rights that I have acquired under the existing law which you are changing. The people who join the ships after today may not be able to do it but the people who are sailing on Gibraltar ships today will be able to do it even if this law is passed. So, in fact, we don't need the Government to stop the law to do anything because the court will still go ahead and do it. What we are saying to the Government, in the knowledge that this is going to happen, don't they realise what a nonsense it is to do what they are doing because, in fact, what they promised us, Mr Chairman, was an amendment to the existing law not to discriminate between different nationalities on Gibraltar ships, an amendment to the existing law so that they were able to collect the money. I would like the Hon Member who is moving the law to show me where in this amendment he is fulfilling the undertaking he gave this House. He promised the House he would bring legislation to the House which will enable his department to collect insurance contributions. That is what he is supposed to be doing. I want him to show me where it does that and then we will vote in favour because we are in favour of that happening. We have been accepting for two and a half years his argument that he cannot collect the contributions and we were promised legislation so that he would be able to collect the contributions. It is a complete nonsense. This law is even less enforceable than the existing one. They don't even know the crew they have got, how are they going to know the nationality of the crew? The last ship over which there was a complaint which was the City of Piraeus which was arrested for non-payment of wages in Scandinavia, had a totally Polish crew including a Polish master which is against the law of Gibraltar. How can we have a situation in which the Government is saying 'if you employ a Community national you have to pay social insurance'. If you employ a non-EEC national you don't have to pay'. Then what we are saying to people is 'don't employ EEC nationals'. The whole purpose of the ITF campaign against flags of convenience is to get jobs for British seamen and the Government passes a law that says 'if you are a British seaman you pay insurance but if you are a Cape Verde islander you don't pay insurance'. We are telling people 'don't employ British, employ Cape Verde islanders, it is cheaper'. So

the law goes against the ITF campaign which we support, the GSLP supports the ITF campaign and the GSLP supports doing what has been done in the Isle of Man which has been much more successful than Gibraltar and that is to reach an agreement with the ITF where Gibraltar will be declassified from being a flag of convenience. As it is, what is happening is that Gibraltar's name is known to every ITF inspector in every Port in the world like Liberia and Panama and Cyprus are, 'look out for the ships because they are bad news and if you can clobber them clobber them'. I can tell the Hon Member I get the information here. I had a letter from the ITF four or five weeks ago that there was an industrial action on another Gibraltar registered ship and that they wanted me to follow it up with the owners in Gibraltar because they actually succeeded in getting an agreement signed but they wanted to be sure that I checked that here, that the agreement was going to be fulfilled. They actually signed an agreement paying ITF wages. There, incidentally, I discovered that the master of that ship wasn't British because I got the crew list through the ITF. We have got a situation where it's a difficult sector to maintain high standards and this legislation is weakening our legislation. So what if our legislation is better than UK, what's wrong with that? The whole of our social insurance legislation may be better than in the UK. The Hon Member has often told us that in UK you pay income tax on old age pension and in Gibraltar you don't, that in UK you cannot get the old age pension and carry on working and in Gibraltar you can. So what is wrong with having things that they cannot have in UK, we already have them. But if we have got a situation where the Government is saying for two and a half years 'I know that I should be making people pay social insurance and I know that I have done nothing about it and I am therefore, because I know it's my fault, I am therefore going to give a public undertaking that anybody working on a Gibraltar registered ship will be able to claim benefits from the fund without paying a penny because it is not that they refuse to pay, it is that I have done nothing to collect it. But the reason why I haven't done anything to collect it is because I lack the necessary machinery and I am studying how that machinery can be brought into existence. Finally, I have got a law that will bring in the machinery into existence to enable me to collect the insurance contributions and the machinery I have created is that people don't have to pay. So now since people don't have to pay, I don't have to collect so that is the machinery'. It is a complete nonsense of every promise the Minister for Labour has given the Opposition in this House, a complete nonsense. He has gone back on his word and that is what is wrong, not that the matter is going to be taken to court. I can tell the Hon Member I have no doubt that the court can only rule one way, that is the law and the Director of Labour has to apply the law, it's his responsibility. It must be the responsibility of somebody in Gibraltar to collect insurance contributions if they are compulsory and they are compulsory at the moment and the Hon Member is not making

this retrospective so it will continue to be compulsory for certain nationalities after today but they will continue to be compulsory for all nationalities until today. For nine and a half months of 1987 the ships registered in Gibraltar will be asked to pay insurance because they have got until the end of the year to pay and you can get the insurance contributions paid up to a certain period after the end of the year, we cannot collect before 1987 but we can certainly collect 1987 and that will still happen. If in the light of that the Government wants to do this, fine, but I would like to explain to the Government what is the advantage to either the seafarers or the ship owners or the Government. If they really intended to implement this law, Mr Chairman, they would need an army of flying labour inspectors chasing people all over the world to find out whether they have moved from one country to the other because change of residence changes the liability of people under this law. It seems to me that they are doing other things that I don't know whether they intend to do. One of the things that they are introducing, which to my knowledge is not in the existing law now, is that if somebody has got a place of business in Gibraltar or is managing the vessel from Gibraltar then even if the vessel is not registered here it now has to pay social insurance. That is something that has not been explained or defended or ever discussed.

MR SPEAKER:

I have been very, very patient because we are in the Committee Stage and we are talking about matters of principle which I think should have been discussed at the Second Reading.

HON J. BOSSANO:

I am talking to Clause 3.

MR SPEAKER:

No, we haven't got to any Clause as a matter of fact.

HON J. BOSSANO:

It had already started when I got here, Mr Chairman, I assumed we were on that clause.

MR SPEAKER:

No, we just called the Bill and the Hon Mr Robert Mor got up.

HON J BOSSANO:

I am prepared to wait till we come to the Clause and say the same thing.

MR SPEAKER:

Perhaps you are prepared to continue from where you left when we get to Clause 3 but for goodness sake not to say the same thing.

HON J BOSSANO:

Perhaps the Hon Member can clarify for me whether I have understood it correct but my reading of the actual amending legislation is that one thing that is happening that is new which, to my knowledge nobody had asked for, is that if you have got a Panamanian registered ship like those operated by Ramajim Shipping Company, are they covered by this one now or not? They employ EEC nationals on their ships. They have certainly got a place of business here, everybody knows where it is. The ship is not registered in Gibraltar, however, and that is what it says here: "Employment on board a ship" - the people are contracted here - "the contract in respect of the employment is entered into Gibraltar with a view to performance while the ship is on her voyage". But that is a ship that is not registered in Gibraltar which is clause 3(2)(a)(ii). Is that the intention and what is the purpose of that one?

HON A J CANEPA:

Mr Chairman, if you will allow me a small fraction of the latitude which the Leader of the Opposition has had in Committee on Clause 1 of the Bill, I would like to deal with three points. First of all, the Leader of the Opposition has given me ample evidence over the years that at least he has a memory which is as good as mine and therefore I will give him credit that on Monday he was either not present in the House when I answered a question from Mr Feetham or else, if he was present, then for some reason or other he chooses to forget the answer that I gave and that was that we do have the crew lists to 85% of the vessels registered in Gibraltar.

HON J BOSSANO:

And that they are changing all the time.

HON A J CANEPA:

Of course and we are getting them as they change. Secondly, it is abundantly clear, clearer now that Mr Bossano has intervened and has strengthened the point that Mr Feetham was making that the objections of the Opposition to the

Bill have to do with matters of principle which we went into during the Second Reading of the Bill more than the fact that the matter might end up in the courts. That is clear, they are objections of principle. Insofar as matters ending up in the courts is concerned, I stand to be corrected by the Attorney-General, but I seem to recall that at the time of the Syneta incident, the loss of the ship, the Director of Labour and Social Security, I think, has given an undertaking that whether contributions had been paid or not the department accepts liability. Liability as at the time when the Syneta was lost and at the time and under the law as it stood because this law is not retrospective and therefore that liability will be met by the department under the old law. So what is the problem other than one of principle?

HON J BOSSANO:

Surely, I think the Hon Member has argued in our favour and I am grateful for the argument. Surely, he accepts that that liability wasn't limited to the twelve people that drowned from the Syneta, it is a liability that the Department of Labour has accepted and that the Minister has accepted here in respect of every seafarer on every ship in those 85% crew lists that he has got. And what I am saying to him is those people today are covered by that statement of principle until you change the law because the law is still the same today. Nothing is being done to collect social insurance contributions in respect of those people. Then I should say to the Hon Member, suppose I am one of those people on those crew lists, Mr Chairman, and I have paid or I am entitled to have paid my contributions until now and the department will treat me today, if I have an accident, they will treat me today as if I had paid but next week they won't treat me as if I had paid because next week the law has been changed. Haven't I got an acquired right which I have lost this week? Well, I will have if the court orders the Government to collect my insurance stamps until today because then my right insurable employment, which you will have removed from me, will not remove my acquired right for the insurance contributions until the beginning of October. What I am saying is, in the light of that does the Government think it is still sensible to do it? They haven't given us any reason for wanting to do the opposite of what they promised. They promised machinery for collecting insurance contributions, we don't see the machinery here. We see a system that is already difficult to implement being made more difficult by this law because what you are doing is discriminating on grounds of nationality and on grounds of residence. Can they tell us how they propose to collect in respect of EEC nationals? What is it that they are going to do after they pass this law to collect insurance contributions from EEC nationals which they are not able to do at the moment? Can they tell us that?

HON A J CANEPA:

Mr Chairman, if we accepted their argument about acquired rights then the Government would never amend any piece of legislation.

HON J BOSSANO:

That is what I was telling the Attorney-General yesterday.

HON A J CANEPA:

What is not being considered and no regard is being had for the fact, how did the present legislation come about? I have a pretty shrewd idea as to how it happened. Back in the 1950's when the Social Insurance Scheme was set up in Gibraltar, they virtually copied willy-nilly the model legislation that existed and that is why even though for thirty years no ships were registered in Gibraltar, we had provision in the law from the 1950's for the members of the crews of ships registered in Gibraltar to be insurable. That was never amended, it ought to have been taken out of the legislation and it never was because there was never any proper revision of the legislation and then all of a sudden ship registry business picks up in Gibraltar and we realise that we have got a piece of legislation which has not been activated for thirty years and suddenly it comes into force. In the meantime, in the United Kingdom which was no doubt used as the model for our legislation, there must have been umpteen changes on the position either prior to joining the EEC or as a result of accession to the EEC but we have stayed put here until something happens and the Hon Mr Mor brings to our attention the fact that these people ought to be paying the insurance. Have some regard for the reality of the position as well.

MR SPEAKER:

Let's get down to the clauses. Could you call the first clause again.

Clause 1

On a vote being taken on Clause 1 the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon 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 1 stood part of the Bill.

Clause 2

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to amend Clause 2, to delete the full stop at the end of the existing Clause 2 and to add the following words: "and substituting therefor the following proviso - Provided that such employment outside Gibraltar is employment in any capacity on board any aircraft registered in Gibraltar or of which the owner (or managing owner if there is more than one owner) or manager resides or has his principal place of business in Gibraltar". Mr Chairman, as presently drafted, the Bill excludes persons employed in aircraft registered in Gibraltar. This was not the intention to exclude these people, only to deal with mariners, and this amendment makes sure that persons employed in aircraft registered in Gibraltar will continue to be in insurable employment under the Ordinance.

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

HON J BOSSANO:

I would like to ask the Hon and Learned Member is there a definition of manager? If you have got a situation like the one that I described a few minutes ago where you have got a ship registered in Panama, the owner presumably is the company that owns the ship in Panama. How does the Hon Member identify whether the manager of the ship resides in Gibraltar or not? Is there a definition of what a manager is?

HON ATTORNEY-GENERAL:

Of what a manager is. I think it is probably a de facto position, we have to look and see who was the manager and we would also have to look with regard to the place of business.

HON J BOSSANO:

But if the place of business of the owner, clearly, when you are talking about limited companies then presumably the place of business of that limited company is the place in which it has the registered office. But, in fact, these things are mainly owned by brass plate companies.

MR SPEAKER:

If I may interrupt, I think one of the requirements to be able to register a ship in Gibraltar is that it has to have a principal place of business either in Gibraltar or in British territory so the principal place of business must be defined.

HON ATTORNEY-GENERAL:

It is a de facto position, for example, where the company operates from.

HON J BOSSANO:

But, Mr Chairman, what I am saying is, in fact, where the ship is not registered in Gibraltar so it doesn't make any difference what the requirements are for registering ships in Gibraltar. I gave the example of the fact that we have got a number of ships, for example, there was a ship that was bringing water from Morocco here every week, the Gunga Din which was registered in Panama. The registered owner has got his place of business where the registered office is in Panama. Would the people on that ship under the existing legislation be in insurable employment and under the amended legislation be in insurable employment? That is my question. Because, as I understand it, they were not in insurable employment under our law because our law limited it to ships registered in Gibraltar. We are now saying that if a ship is not registered in Gibraltar but the manager resides in Gibraltar, then he does pay, as I understand it. If I am wrong then I would like to be corrected because I would like to know exactly what we are doing. That is my reading of it. Am I right or not?

HON ATTORNEY-GENERAL:

I am no expert in social security matters but I will read the Bill as I understand it, it will help me and perhaps help the Hon Member. Where a mariner is employed as a mariner and the employment is on board a ship registered in Gibraltar or is employed as a master or a member of the crew on board any ship or vessel, not being a mariner to whom the last paragraph applies, and the contract is not entered into in Gibraltar, the employer or the person paying the earnings has his principal place of business in Gibraltar, then the mariner shall be treated as being in insurable employment.

Where a mariner is employed as a mariner and the employment is on board a ship or a contract in respect of the employment is entered into in Gibraltar with a view to its performance (in whole or in part) while the ship is on her voyage and the person by whom the mariner's earnings are paid, or in the case of the employment as a master or member of the crew of a ship or vessel, either that person or the owner of the ship or vessel (or the managing owner if there is more than one owner) has a place of business in Gibraltar. As I understand this, this is identical to the position in the United Kingdom.

HON J BOSSANO:

No, I am not talking about the United Kingdom, Mr Chairman. I am talking about the existing law which we are amending and I am asking a very simple question, I cannot express it in technical legal jargon so I am expressing it in a way which the Hon Member can then translate into legal language and tell me whether that is what the law is doing. My understanding of what we are doing here, apart from deciding that on Gibraltar registered ships people will pay or not pay depending on what nationality they have and on where they reside.

HON ATTORNEY-GENERAL:

On where they reside, not nationality.

HON J BOSSANO:

No, if they are a non-EEC national then one thing applies and if they are an EEC national another thing applies independent of their residence.

HON ATTORNEY-GENERAL:

Mr Chairman, that is so because there are separate rules governing EEC nationals as mariners. This is for non-EEC nationals.

HON J BOSSANO:

But what I am saying is, it seems to me, reading the amendment brought by the Hon Member, that whereas the existing social insurance legislation only applies to mariners on Gibraltar registered ships, that is my understanding, the new legislation applies also to mariners who join a ship in Gibraltar even if the ship is not a Gibraltar registered ship. That is correct. Then, in fact, tomorrow we have got a situation where the Bayleaf is in dry dock and is going to be crewed in Gibraltar before it leaves and the managing agents of the Bayleaf may be the PSTO(N), for all I know. Does that mean that the crew of the Bayleaf has to pay social insurance in Gibraltar?

HON ATTORNEY-GENERAL:

The liability to pay contributions depends if the mariner is domiciled or resident in Gibraltar and the secondary contribution which is the employer's share of the contribution is that he is resident or has his principal place of business in Gibraltar. If those two conditions are satisfied then the contributions must be paid.

HON J BOSSANO:

No, Mr Chairman. Apart from Gibraltar we are talking about Community.

MR SPEAKER:

I think Members have a right to give their interpretation to what the particular clause says. We have got to the stage when we must beg to differ.

HON J BOSSANO:

No, it is not that we are not begging to differ, Mr Chairman. I am asking what is the law doing. I am entitled to be told, surely, before we vote on it.

MR SPEAKER:

If you think you are not being told, there isn't much more than one can do.

HON J BOSSANO:

Well, would you like to tell me, Mr Chairman? Do you know what it does?

MR SPEAKER:

No, it is not for me. But it is for me to decide whether we are getting to a stage where we are getting nowhere and to stop the debate, most certainly.

HON J BOSSANO:

Mr Chairman, how can we in this House of Assembly pass a change in the law and a Member of the House stands up and says 'Can I have an explanation of what is the implication of this change in the law?' and is not entitled to be given an explanation. I don't understand that.

MR SPEAKER:

It is not a question of not being entitled it is a question of being given one.

HON ATTORNEY-GENERAL:

I think I have given one, Mr Chairman.

MR SPEAKER:

That is why, we are talking at cross purposes.

HON J BOSSANO:

Perhaps I am being very obtuse. He hasn't given me the explanation that I have asked for, he has explained something else which I haven't asked for. I am asking him, am I right in thinking - if I am wrong I would like to know that I am wrong - am I right in thinking that when this law is passed somebody that signs on a ship in Gibraltar could become liable to social insurance contributions in Gibraltar even though the ship is not Gibraltar registered? Yes or no?

HON ATTORNEY-GENERAL:

Yes.

HON J BOSSANO:

Right, now that is a new thing we are doing.

HON ATTORNEY-GENERAL:

Yes.

HON J BOSSANO:

Yes, we are doing a new thing. Can the Hon Member tell me why we are doing it? I am asking for the people who work on our ships to pay insurance, that they don't want to do. So instead they pass a law that requires people who join, God knows what nationality of ships, we have got hundreds of crew changes here every year on all sorts of nationalities of ships, Liberian, Panamanian, Cypriots. Under the new law anybody joining any of those ships here, if the ship is managed from Gibraltar and he is an EEC national he can then say 'I have got to pay social insurance in Gibraltar' although he may be the only person in the whole ship who does that because the others may not be EEC nationals.

HON ATTORNEY-GENERAL:

If the Hon Member will give way. Leave EEC nationals on one side. This legislation deals with mariners who are resident or domiciled in Gibraltar. So if we have a person who is domiciled, that is, has his permanent home in Gibraltar or is resident in Gibraltar and he joins the ship in Gibraltar, he has to be protected, we say, and this is what we are doing.

MR SPEAKER:

Then perhaps the difference arises, it is not whether he signs up in Gibraltar but whether he is domiciled in Gibraltar.

HON ATTORNEY-GENERAL:

It is whether he is domiciled in Gibraltar.

HON J BOSSANO:

Mr Chairman, haven't we had to change all our social insurance legislation because we cannot distinguish under Community law between people resident in Gibraltar and people resident somewhere else? Is he saying that if a Gibraltarian is resident in La Linea then it doesn't apply?

HON ATTORNEY-GENERAL:

No, this has got nothing to do with the EEC. A separate set of rules apply for EEC, this is a non-EEC thing. This is why I tried to explain, the United Kingdom has this legislation, it is a Member of the European Community, it has got nothing to do with the EEC.

HON J BOSSANO:

Can I be told, are we putting in an amendment in the law that somebody joining a ship in our Port, somebody that signs on on a crew list here has to pay insurance.....

MR SPEAKER:

No.

HON J BOSSANO:

Yes, he is saying yes and you are saying no.

MR SPEAKER:

With respect, I can only say what I have heard in this House. What has been said in this House is that a person who joins a ship in Gibraltar and who happens to be resident or domiciled in Gibraltar has to pay his social insurance but someone who comes from outside Gibraltar and joins a ship in Gibraltar hasn't got to pay social insurance. That is the difference between what you are saying and what the Attorney-General is saying.

HON J BOSSANO:

I am then asking, how come we can pass a law that makes liability to pay insurance limited to residents in Gibraltar when, in fact, we have had to change all our references to Gibraltar in the social insurance legislation because it is prohibited by Community law? How can we do it? How is the Hon Member able to say to me, I asked him a question and he talks about UK. I am giving him a specific example. There are two Gibraltarians, one living on this side of the border and one living on the other side both joining the ship, is he saying the one who lives on this side has to pay insurance and the one who lives on that side doesn't have to pay insurance? Is that what the new law does?

HON ATTORNEY-GENERAL:

No, what I am saying is the man who lives on this side is resident and domiciled in Gibraltar pays insurance under this legislation. If he is resident in a Community State he pays whatever the EEC requirement is in accordance with the Regulation which is 1608. This one deals with people resident and domiciled in Gibraltar who join a ship in Gibraltar. If the man is not resident or domiciled in Gibraltar but is resident in La Linea, he pays in accordance with the Community requirement. What they are, Mr Chairman, I don't know.

HON J BOSSANO:

Can I just ask one point? What is going to happen, are we going to monitor from now on all the crew changes in Gibraltar through the Labour Department to find out whether there is anybody breaking this law?

HON ATTORNEY-GENERAL:

I don't know how it will be monitored. I would have thought that the monitoring is done through the Captain of the Port and then the Captain of the Port has the duty to pass on this information to the Director of Labour and Social Security. Obviously what will have to be done from an administrative point of view, the Captain of the Port has to make sure that everything is reported to him and he passes it on very quickly to the Director of Labour and Social Security.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

Clause 2, as amended, stood part of the Bill.

Clause 3

On a vote being taken on Clause 3 the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

Clause 3 stood part of the Bill.

The Long Title

On a vote being taken on The Long Title the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

The Long Title stood part of the Bill.

THE CONSUMER PROTECTION (PROPERTY SERVICE CHARGES AND PROTECTION FROM EJECTMENT) BILL, 1987

Clause 1

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that Clause 1 be amended to delete the expression "(property Service Charges and Protection from Ejectment)" and to substitute therefor the expression "(Property Management)".

HON M A FEETHAM:

Mr Chairman, can I facilitate your work. All these amendments have been discussed with the Attorney-General and we have gone through all the amendments so there is no controversy.

Mr Speaker put the question which was resolved in the affirmative and Clause 1, as amended, was agreed to and stood part of the Bill.

HON ATTORNEY-GENERAL:

Immediately after Clause 1 I wish to insert as per my notice of the 5th October the following new part "PART I: PRELIMINARY".

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

Clause 2

HON ATTORNEY-GENERAL:

Clause 2, Mr Chairman, to amend as per my notice of the 5th October. Do you wish me to read it, Sir, because it is very long.

MR SPEAKER:

No, we have been given notice that it has been circulated.

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.

HON ATTORNEY-GENERAL:

And after Clause 2, to amend as per my notice of the 5th October at the bottom of page 1.

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

Clause 3

HON ATTORNEY-GENERAL:

To amend as per my notice to delete the word "ot" in paragraph (a) of subclause (4) and to substitute the word "or".

Mr Speaker put the question which was resolved in the affirmative and Clause 3, as amended, was agreed to and stood part of the Bill.

Clause 4

HON ATTORNEY-GENERAL:

To amend the marginal note by inserting immediately after the word "charges" the expression: "reasonableness".

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.

New Clauses 6 and 7

HON ATTORNEY-GENERAL:

After Clause, Mr Chairman, to insert two additional clauses to be numbered Clauses 6 and 7 as set out at the top of page 3 of my notice.

Mr Speaker put the question which was resolved in the affirmative and New Clauses 6 and 7 were agreed to and stood part of the Bill.

Clause 6

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this clause as Clause 8.

Mr Speaker put the question which was resolved in the affirmative and Clause 8 (old Clause 6) was agreed to and stood part of the Bill.

Clause 7

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 9 and to amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 9 (old Clause 7), as amended, was agreed to and stood part of the Bill.

Clause 8

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 10 and to amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 10 (old Clause 8), as amended, was agreed to and stood part of the Bill.

Clause 9

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this as Clause 11 and to amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 11 (old Clause 9), as amended, was agreed to and stood part of the Bill.

Clause 10

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 12 and to amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 12 (old Clause 10), as amended, was agreed to and stood part of the Bill.

New Clauses 13, 14, 15, 16, 17, 18 and 19

HON ATTORNEY-GENERAL:

Mr Chairman, immediately after the old Clause 10 which has now been renumbered Clause 12, to insert the new Part as set out on pages 4, 5, 6, 7, 8 and the top of page 9.

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

Clause 11

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 20 and to amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 20 (old Clause 11), as amended, was agreed to and stood part of the Bill.

Clause 12

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 21.

Mr Speaker put the question which was resolved in the affirmative and Clause 21 (old Clause 12) was agreed to and stood part of the Bill.

Clause 13

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 22.

Mr Speaker put the question which was resolved in the affirmative and Clause 22 (old Clause 13) was agreed to and stood part of the Bill.

New Clauses 23, 24, 25 26 and 27

HON ATTORNEY-GENERAL:

Mr Chairman, after the new Clause 22, to insert the amendments as set out on pages 9 to 15 of my notice.

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

Clause 14

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this as Clause 28.

Mr Speaker put the question which was resolved in the affirmative and Clause 28 (old Clause 14) was agreed to and stood part of the Bill.

Clause 15

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this as Clause 29.

Mr Speaker put the question which was resolved in the affirmative and Clause 29 (old Clause 15) was agreed to and stood part of the Bill.

Clause 16

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this as Clause 30.

Mr Speaker put the question which was resolved in the affirmative and Clause 30 (old Clause 16) was agreed to and stood part of the Bill.

Clause 17

HON ATTORNEY-GENERAL:

Mr Chairman, to renumber this Clause as Clause 31 and amend as per my notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 31 (old Clause 17), as amended, was agreed to and stood part of the Bill.

New Clause 32

HON ATTORNEY-GENERAL:

Mr Chairman, one further amendment, after the new Clause 31 to insert the following new Clause as Clause 32: "Repeal - 32. Section 33(9) of the Landlord and Tenant Ordinance is repealed".

Mr Speaker put the question which was resolved in the affirmative and new Clause 32 was agreed to and stood part of the Bill.

The Long Title

HON ATTORNEY-GENERAL:

Mr Chairman, to insert after the expression "harassment of tenants;" the expression "to make provision for the appointment of a manager by the court at the instance of such tenants;".

Mr Speaker put the question which was resolved in the affirmative and The Long Title, as amended, was agreed to and stood part of the Bill.

THE GIBRALTAR REGIMENT BILL, 1987

Clauses 1 to 32 were agreed to and stood part of the Bill.

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

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

THE HOUSE OF ASSEMBLY (AMENDMENT) BILL, 1987

Clauses 1 to 3 were agreed to and stood part of the Bill.

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

THE PUBLIC UTILITY UNDERTAKINGS (AMENDMENT) BILL, 1987

Clauses 1 to 3 were agreed to and stood part of the Bill.

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

THE ESTATE DUTIES (AMENDMENT) BILL, 1987

Clauses 1 to 4 were agreed to and stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1987/88) (NO. 2) BILL, 1987

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

Schedule

Part I - Consolidated Fund was agreed to.

Part II - Improvement and Development Fund

Head 101 - Housing

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Part II of the Schedule be amended by omitting under Housing "£1,208,055" and "£1,329,041" and substituting therefor "£8,055" and "£129,041" respectively.

Mr Speaker proposed the question in the terms of the Hon the Financial and Development Secretary's amendment.

HON M A FEETHAM:

Mr Chairman, in support of this amendment the Hon Minister for Economic Development made a statement informing the House why it was necessary to take the step. What I would like to know from the Hon Member opposite is whether there has already been a policy decision in respect of the development of the Montagu because as I understood the position the developers had submitted proposals which were under consideration and the Working Committee was studying it and if I recall, the Hon Member opposite committed himself to inform this side of the House of the developments and the proposals as the matter materialised. It seems to me now that the way the statement has been made to the House is as if it was already a fait accompli, that the developers have got the direct allocation and I want to know whether this can be cleared up.

HON A J CANEPA:

The position is that progress is being made in the negotiations. As a result of the progress that is being made we don't need to come to the House asking for £1.2m as we thought we did but the negotiations have not been finalised and therefore in that sense, in the sense that they have not been finalised, I have not reported yet back to Council of Ministers as to what the result is of those negotiations and what are the decisions that the Government is required to take.

HON J BOSSANO:

If the amendment had not been produced at the last minute, having looked at the Bill before coming to the House we saw £1.2m for reclamation. Does it mean that the Government is now going to be doing the reclamation rather than the developer? No doubt we'll get an explanation when we get here. What were they going to do, give £1.2m to somebody without having finalised the negotiations?

HON A J CANEPA:

Of course we would not give £1.2m without finalising the decision. It was thought that the £1.2m might be required during the current financial year if the matter materialised. That will not be the case.

HON J BOSSANO:

Before March.

HON A J CANEPA:

Right, if it materialised. That is not the case any longer.

HON J BOSSANO:

So it is not that, in fact, the intention was to vote so that they would have the money and do the reclamation at Government expense?

HON A J CANEPA:

It was never that, no.

HON J BOSSANO:

That is the impression it gave, that is why I am asking. I thought, frankly, that it was either that the Government was going to do the reclamation itself, that is why we were voting the money, or else that the Government had reached an agreement to reimburse.....

HON A J CANEPA:

We are not doing the reclamation ourselves but, in fact, if the Government were to, at the end of the reclamation, pay for the £1.2m there is no doubt about it that the Government has got a much greater control over the situation, over the land that has been reclaimed if it is putting the money towards that, money which was earmarked originally to be towards the infrastructure. In fact, it gives the Government more control.

HON M A FEETHAM:

How have you arrived at a figure of £1.2m?

HON A J CANEPA:

I haven't arrived at it, the developers have arrived at it and they have submitted proposals to the Crown Lands Department as to how the figure is computed.

HON M A FEETHAM:

I do take it that the commitment to inform the House about the....

HON A J CANEPA:

If the Hon Member would like to put down a question on the Agenda for the next meeting of the House I will tell him what the position is but I would ask him please, I don't want to exhaust my memory. If he puts down a question I will give him a progress report on the matter at the time. I am happy to do so.

HON J BOSSANO:

Mr Chairman, how does that kind of cost compare, has the Government got any idea? The Government has done some reclamation itself so does it look a low figure or a high figure or a reasonable figure?

HON A J CANEPA:

The cost of reclamation that the Government carried out, for instance, at Waterport, that sort of piecemeal reclamation cost the Government very little, next to nothing, in fact, even the resurfacing has been done by the Public Works Department. A very reasonable amount. That is not the sort of reclamation, I think you ought to compare this reclamation with the reclamation between Nos. 1 and 2 Jetty and that, at the time, was slightly below £1m. At the end of the day we saved something like £70,000 below £1m but that was seven or eight years ago. So I don't think it is unreasonable.

Mr Speaker then put the question which was resolved in the affirmative and Part II - Improvement and Development Fund, as amended, was agreed to.

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

Clause 2 was agreed to and stood part of the Bill.

Clause 3

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in Clause 3 the words "one million three hundred and twenty nine thousand and forty one pounds" be deleted and the words "one hundred and twenty nine thousand and forty one pounds" be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and Clause 3, as amended, was agreed to and stood part of the Bill.

Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in Clause 4, subclause (2), the words "one million three hundred and twenty nine thousand and forty one pounds" be deleted and the words "one hundred and twenty nine thousand and forty one 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.

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

THIRD READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour and pleasure to report that the Employment (Amendment) Bill, 1987, with amendment; the Social Security (Employment Injuries Insurance) Bill, 1987, with amendment; the Consumer Protection (Property Management) Bill, 1987, with amendment; the Gibraltar Regiment Bill, 1987; the House of Assembly (Amendment) Bill, 1987; the Public Utility Undertakings (Amendment) Bill, 1987; the Estate Duties (Amendment) Bill, 1987; and the Supplementary Appropriation (1987/88) (No. 2) Bill, 1987, with amendment, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker put the question and on a vote being taken on the Employment (Amendment) Bill, 1987; the Consumer Protection (Property Management) Bill, 1987; the Gibraltar Regiment Bill, 1987; the House of Assembly (Amendment) Bill, 1987; the Public Utility Undertakings (Amendment) Bill, 1987; the Estate Duties (Amendment) Bill, 1987; and the Supplementary Appropriation (1987/88) (No. 2) Bill, 1987, the question was resolved in the affirmative.

On a vote being taken on the Social Security (Employment Injuries Insurance) Bill, 1987, the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

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

The Bills were read a third time and passed.

The House recessed at 7.45 p.m.

THURSDAY THE 22ND OCTOBER, 1987

The House resumed at 10.50 a.m.

PRIVATE MEMBERS' MOTIONS

HON J E PILCHER:

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

- 1) The commitments given by the Government to the people of Gibraltar in the course of the 1984 General Election to make Tourism a pillar of the economy
- 2) That the figures of Tourist expenditure in respect of 1984 showed a decline from 1983

- 3) That the recently published Hotel Occupancy Survey 1986 shows a decline in Guest Nights sold in 1986 as opposed to 1985
- 4) The crisis facing the Tourist Industry as a result of the withdrawal, or partial withdrawal, of major Tour Operators

and considers that the Government has totally failed to carry out their electoral promise to create a tourist resort of international repute in Gibraltar even without the advantages conferred by access to the Spanish hinterland, and censures the Government therefor".

Mr Speaker, in moving the motion I have, again, as in fact I did yesterday, to refer to a matter of principle that certainly I adhere to, which is that a Government is bound by its electoral promises, Mr Speaker. A Government should be judged by the electorate by looking at the commitments made in their manifesto and during their election campaign and gauge at the end of the four years whether, in fact, these commitments have been undertaken or are in the process of being accomplished. I think this is a primordial fact that should exist in every democracy and which, to a point, is forgotten in Gibraltar when people say: "We have got to look at the future and not at the past". That is true, Mr Speaker, but politically the electorate have a right to look at past performances in order to judge before they cast their vote, Mr Speaker. In so doing I would like to refer to the Ceremonial Opening of the House of Assembly on the 22nd February, 1984, where the Hon and Learned the Chief Minister announced, Mr Speaker, the fact that the Government wanted to give tourism, in fact, making tourism which they had mentioned during the election, the second pillar of the economy. The first pillar, Mr Speaker, being Gibraltar Shiprepair Limited which, I think, everybody except the AACR, now accept has totally collapsed. In so doing, Mr Speaker, the Hon and Learned the Chief Minister said: "The second major issue I wish to speak about" - the first being, of course, GSL - "is tourism. As the House will know and because of the much greater importance which tourism has assumed in our economic future following decisions to close the Dockyard, I directed that a special study be made of the tourist industry in Gibraltar. The study has been completed and a report has now been submitted to me. I am considering the report" - he goes on to give an explanation of his Government's total commitment to the report and to tourism and announced, in fact, that these two elements would form the basis under which the AACR Government would produce the economic boom or a better economic climate in Gibraltar over the following years. In analysing, Mr Speaker, this four-year programme, one has to look at two avenues, two differences of approach. One difference is what the Government of the day were telling the House of Assembly. The other, obviously, is the fact that at the same time there was the Pitaluga Report commissioned early in 1984

and the path which the Pitaluga Report took with the Committees to the point that we arrive today. In a perfect society or a society led by the GSLP, Mr Speaker, the two would obviously meet because one cannot have Government policy as expounded here by the Minister for Tourism and a situation where a prime report accepted in total, as I will explain later on by the Government, leading in parallel with Government policy should at one stage or other meet. I will prove, Mr Speaker, that at no stage have those two elements met and, in fact, the two elements have totally failed. I would like also to add, Mr Speaker, that the motion of censure is a motion of censure on the Government it is not a motion of censure on the Minister although the Minister in his capacity as Minister for Tourism is responsible for Government policy on tourism but this, Mr Speaker, as I will prove when I go into the main thrust of the argument, is a Government failure in general, in total, Mr Speaker. The Government have paid lip service to tourism and paid lip service to the Minister for Tourism, Mr Speaker, and to the people of Gibraltar. I would like just before I go into the arguments, to say that I think it was in the Ceremonial Opening, I will just check, the Hon and Learned the Chief Minister said: "A particular point made in the Report is that tourism as a business cannot be run effectively if it is subjected continuously to political controversy. I hope that this is one area in which the Government and the Opposition will be able to work together for the public good. I do not think that tourism is an ideological issue" etc. Mr Speaker, I took up that statement by the Hon and Learned the Chief Minister in the first House on the 13th March, 1984, on page 264 of Hansard I told the Hon and Learned the Chief Minister, in fact, his Government: "A particular point made in the Report is that tourism, as a business, cannot be run effectively if it is to be subjected continuously to political controversy. I hope that this is one area in which the Government" - I was quoting from his statement - "well, I take up what the Hon and Learned the Chief Minister said and I am quite prepared to work with the Government in order to make if, as I say, this is the direction that the Government wants to give the Gibraltar economy, and try to work together with the Government to give the economy this direction, Mr Speaker". But, of course, since the Government were paying lip service to tourism, they obviously were also paying lip service to the Pitaluga Report and lip service to what I said because as a consequence of that, all that happened, Mr Speaker, and I think I have to make this clear before I go into the main thrust, all that happened is I had one meeting with the Minister for Tourism in his office when he took me round on a Rock Tour, which I was very glad for, he treated me as a VIP and showed me around in the same way as any other visiting dignitary at the end of which he dropped me in my house or at my work, I forget, and then he forgot that I existed, Mr Speaker, totally. He has even accused me of not asking too many questions in the House, not caring too much about tourism because I wasn't giving him as many problems as I was giving the Government on GSL because I

committed myself, Mr. Speaker, to keep controversy out of tourism. And he said that why didn't I put as many questions for tourism as I did for GSL, the reality is all that I have done and I have continuously, and if the Minister which I know he says he does, bothers to look at Hansard he will find that in every single House since 1984 I have been questioning on tourism but at no time has there been any single controversy on tourism questions. They have been simply on information, trying to get information about what the Committees were doing, how they were going and in the Budget speeches the controversy over tourism was kept from this side of the House, Mr. Speaker, at a minimum. The result of that is that the Opposition wasn't involved in the Committees, involved in the Consultative Committee, involved in the Forward Planning Committee, in fact, the Minister stopped inviting me even to Cocktail Parties, he did me a favour, Mr. Speaker, because we all know that in our public life we have too many of those but the reality is that the Minister completely forgot that I existed. With hindsight, Mr. Speaker, he did me a favour because after today and the fracas which tourism is in, I think if I had been there all that had been done is that the Minister would probably have used me as well, as he has used every single other person within the tourist trade in which to share and apportion blame. Having said that, I would like to go through the policy of the Government, certainly as far as the Minister for Tourism saw that policy. Since tourism was not a controversial issue, really, all the meat that will be found in Hansard is, in fact, found during Budget debates which is when I spoke on tourism and so did the Hon Minister for Tourism. In the first Budget of 1984, the euphoria about tourism being the first pillar of the economy was very high in the Minister's mind, Mr. Speaker. I think the Minister for the first time ever believed that he really would be a Minister for Tourism because he had heard from the Hon and Learned the Chief Minister and the Government the thrust financially, etc that the Government would put towards tourism and I think the Minister was very euphoric, the Minister was very optimistic that he would start coming up the ranks in the AACR to produce a great part of the economic development in Gibraltar which could be lying at his doorstep and, of course, thereby lose the image that he had within the AACR or within the people of Gibraltar that he was way down in the ranks. But, of course, little did he know that all that the AACR Government were doing was paying lip service to him as well, Mr. Speaker. But he should have guessed it, looking at the AACR track record he should have guessed that this was the case. But, as I say, the first year was optimism, the first year there was no controversy, it was just the Minister saying everything that was going to happen and the Opposition was sitting by and saying 'We'll comment about it when we see it happening'. We come then, Mr. Speaker, to the second Budget. The Minister was, at that stage, still optimistic. The Committees had met, the Committees had produced reports - I will tackle those separately under the second avenue.

The Minister was even seeing tourists in the street, Mr. Speaker, because by the second Budget the frontier was open and he could even see tourists in the street which is something new as far as the Minister for Tourism was concerned. Mr. Speaker, tourism was becoming, in his mind, a reality but, of course, what the Minister himself knew even at that early stage was that there was no sign that the Government's tourist policy was being backed up by financial commitments by the Government. The Minister also knew that there was no sign of ODA being prepared to put money into tourist projects although at that stage in 1985, it was not clear at that stage and the Government were still going forward with their 1986/90 submission. Certainly at that stage and I will refer very briefly to what I said because at that stage the Hon and Learned the Chief Minister, I think, during his intervention in the Budget of 1985 said that he would like to consolidate the position as it was at that stage in 1985. But, of course, we didn't see that there was a position to consolidate because like the situation that happened yesterday, Mr. Speaker, where the Financial and Development Secretary got up and spoke on Gibraltar Ship-repair Limited and made a point about the future of the company, in exactly the same way the Financial and Development Secretary got up in the 1985 Budget debate and said: "The Tourist Industry had another bad year. Arrivals by air and sea fell by 8%". And the Hon and Learned the Chief Minister got up and said that he wanted to consolidate the position so far as we were concerned, Mr. Speaker, it seemed a very strange statement coming after what the Hon the Financial and Development Secretary had said and we have heard it again and again in the House that what one side of the Government, whether political or otherwise, say does not necessarily reflect what the other side of the Government is saying. And, again, all that had happened was that an amount of money had been put, something in the region of £350,000, to increase advertising and for minor works related with the tourist industry but certainly no major financial thrust towards accomplishing what the Government had said the year before that they would do which is make tourism the second pillar of the economy. And the Minister was, as I say, still optimistic. He said, Mr. Speaker: "The opening of the frontier now makes us comparable to other resorts and we can be better. We must all contribute to make Gibraltar what it ought to be, although it needs polishing up", and then he goes on to tell us a story about a little lady, he likes these stories. "We hope, Mr. Speaker, that the new impetus given by Government" - again, Mr. Speaker, he was referring to an impetus which we still hadn't seen - "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". With hindsight we might have left the driver but the Minister we could have done without, Mr. Speaker. "There is an enormous amount of enthusiasm, there is an enormous amount of determination and there is a will to succeed. We need help from everybody, particularly, the tourist trade". We know that, Mr. Speaker,

we know the people in the Tourist Office, we know the commitment and determination of the people there but, of course, that determination, that will to succeed always hits against the brick wall, the stagnation of the AACR Government. All the determination, all the accomplishments, all the success that they wanted to push through was always being stopped at the level where you have to put your money where your mouth is and the AACR Government didn't do it. Obviously there could be very little happening if at the end of the day nobody was prepared to foot the bill. And, again, he went on to speak of the enthusiasm by everybody in the Tourist Office, the tourist trade and his only comment was that the people of Gibraltar had to change their mentality slightly in order to look into the future and become waiters and hall porters, etc which is a philosophy which, obviously, is one which is correct if the Government is pushing part of the economy towards tourism. But also in that same Budget the Minister said, and I think this was the first time that, I think, we agreed - I am not going to go through all the Hansard, obviously - that there was a difference between the excursionist trade, the excursionist market and the overnight tourists and I think he pointed to the fact that there was a spin-off of hotel occupancy, etc but that the excursionists were coming over the border and that should not, although it would enhance the tourist side of the industry in Gibraltar, it should not be seen as the only aspect of tourism in Gibraltar. That was in 1985. In 1986, a year later, the Minister was now struggling because, obviously, they were now coming into the third year of the present Government and, as yet, the Minister, certainly the House as well, had not seen anything being realised from the financial side of the Government. But there was one important element which now made the Minister struggle more than ever, Mr Speaker, and that is that by that stage ODA had clearly spelt out that there was no money for tourist orientated projects. They would only give money for infrastructure which, to a point, perhaps was the back-up of the tourist trade but certainly would not go anywhere to improving the Gibraltar resort. That, Mr Speaker, was I think a blow to the Government because I think if we analyse it, I think all that the Government were doing which is what they have done throughout many, many years, Mr Speaker, in saying that that was going to be a pillar of the economy, saying that they were committed financially and then put up a submission and run to the UK Government in the hope that they could get money from them. The UK Government as, indeed, they said for GSL, said to the Government of Gibraltar quite clearly in early 1986 'No more money!'. All that was happening was that Gibraltar was full of day visitors or excursionists which were not, by the way, producing what the Government thought they would be producing. Of course they produce money, of course there was an influx of tourists and as a result an upgrade of the tourist expenditure, more money on import duty but it wasn't making the money that the Gibraltar Government thought they would make out of it and as a consequence, since the Gibraltar Government had to plough money back into goodies for the people of Gibraltar, because how else were they

to convince the people of Gibraltar that everything was rosy, since they did that they left the Minister for Tourism without a single penny, Mr Speaker. Obviously over and above the budget which the Tourist Office holds and over and above the £300,000 which the Tourist Office got for minor expenditure but no major development in the tourist industry, no major development whatsoever and I will deal with that separately as we come to the Committees, Mr Speaker. I think at that stage when I say the Minister was struggling he was struggling because if you read his speech on the 24th March, 1986, he was talking about the figures of hotel occupancy, he was talking about the extra flights to Gibraltar, he was talking about what everybody else was doing. He was talking about what the tourist trade were obtaining for Gibraltar, he wasn't saying what the Government of Gibraltar were doing to improve that but, of course, he jumped on the bandwagon and there were more flights, the hotels were full up although it wasn't reflected by the statistics at that time but the Minister said that the statistics were wrong and that he was going to look himself into the bed occupancy levels, etc. And he said: "Mr Speaker, my mission is to talk about the future and, in particular, may I remind the House I have to talk about that very much advanced future and not just of 1986 but I should say 1987 because the planning of tourism obviously takes a year to permeate and to get results". Waffling, Mr Speaker, the results weren't there. 1984 had gone by, 1985 had gone by and in the thrust of the Government for 1986 there was still nothing to show the people of Gibraltar that there was any major impetus from the Government behind tourism, streets were still as dirty. I remember in 1986 we had, I think, a television programme where the programme was a total fracas because at one stage the Minister wanted to stamp his feet because he was being told that Gibraltar was dirty, that Gibraltar was this and that, it was a reality, Mr Speaker. The impetus was just not there. Of course, we then come to 1987, the Budget debate of this year and I think this year we have gone from optimism to slight optimism to struggling and, I think, this year proves total desperation, Mr Speaker. The Minister has highlighted this year, again, what everybody else is doing. He was saying about the hotels, he was saying about the flights but, he made two very important points this year. Again, very unfortunate because yesterday the Hon and Learned the Chief Minister said, and I will repeat what he said and the way he said it, 'the Government is the owner of GSL for the first time in four years'. The Hon Minister for Tourism this year has said what the policy of the Government is on tourism this year, on the fourth year. He said to us that the policy of the Government cannot be one of a shopping market, of an excursionist market, the excursionist market is there but, certainly, we couldn't put all our eggs in that basket, we couldn't look at the shopping element because within the next five or six years and the entry of Spain in the EEC, that would be slowly eaten away by the fact that Spain could be developing closely to what we were doing and destroy

that element of it and that the excursionist market had a role to play but was not what he wanted as Minister for Tourism. He announced very clearly that what he wanted, his aim was to absorb some 4,500 to a maximum of 5,000 hotel beds. At present we have about 1,900 hotel beds so what he was talking about is an increase of somewhere in the region of 150% more beds, 2,000/3,000 more beds in the Gibraltar market. Mr Speaker, that should have been the Government policy at the start of the four years so that we today could be analysing that policy and looking at how the Government had accomplished that. He made that statement as, indeed, the Hon and Learned the Chief Minister made the statement on GSL yesterday, for the people of Gibraltar to believe that within the next four years they are going to do it. But, in any case, there is no truth, Mr Speaker, that Gibraltar today can cope with 4,000/5,000 beds, quite the contrary, as I will mention later when we talk about the crisis that Gibraltar is suffering today in the tourist industry. He gave many excuses, the fact that people didn't find seats on planes, the fact that the hotels were full, but I have to say that at no stage during - and I will mention that later - during our visit to UK and meetings with the hotel industry in Gibraltar, have we found that the main argument and the main problems facing the Gibraltar tourist market are, in fact, any of the excuses that the Minister has given although, of course, there is an element of truth in all of those but at no stage is any one of those excuses the cause of the tourist crisis today. That looks at the thrust of the Government through the four years. Now we look at the thrust of the Government on the other side, Mr Speaker, which is what I was saying before, the Pitaluga Report and what had happened to the Pitaluga Report and how the Government had played the Pitaluga Report through. First of all, I would like to say that the Pitaluga Report was a good report as far as civil service reports go, Mr Speaker. It enhanced everything that everybody was saying into one report. It is not that Mr Pitaluga actually thought or discovered this and I am not saying this in any way to try to minimise the job that he did but, certainly what he did was just meet the trade, meet the civil service, meet the Public Works, meet the Minister, and write it all out in a concise very good civil service report which is what civil servants are for, Mr Speaker, and it was a good report inasmuch as that was contained. Therefore it contained, Mr Speaker, all the thoughts of everybody involved in the tourist industry and should have been, to a point, the way ahead for the Government. In fact, it appeared to be so because the statement by the Chief Minister on the 26th June, 1984, thanked Mr Joe Pitaluga and said: "The first nine policy recommendations have been accepted and steps are now being taken to give effect to these. The tenth recommendation will be looked at". This was the improvement of the tourist plans in the private sector by the Government. Mr Speaker, he went on to say that it was going to be done and it was going to be done quickly and it was going to be done with impetus. By early 1984, in fact, when that

statement was issued, all the tourist committees, all the people in those tourist committees had been appointed. I would like to remind the House and the people of Gibraltar what those recommendations were, Mr Speaker. There were ten policy recommendations of which the Government had accepted nine. "Collective policy decision be taken by the Council of Ministers formally affirming the newly elected Government's recognition of the importance of tourism to the economy of Gibraltar. Its intention to adopt as a matter of high priority the necessary legislative administrative and financial measures required to promote the fullest possible expansion of the tourist industry under the conditions which exist in Gibraltar at present". That is very important, Mr Speaker, because what he was saying there is with the conditions that existed in Gibraltar in early June which is with a closed frontier. What the Government accepted is that they would make Gibraltar a tourist resort with a closed frontier. He said: "I accepted the first nine policies". So the Government of Gibraltar accepted that they would, as a matter of high priority, put the necessary legislative, administrative and financial measures behind this report, it didn't happen, Mr Speaker. "I recommend that there should be the fullest possible involvement and consultation with the commercial sector of the tourist industry", etc, etc, the committees, Mr Speaker, which were appointed. "I recommend that further consultancies should be commissioned only when a clear specific need has been identified of the emphasis should now be an urgent implementation". What, I think, everybody in the trade was saying and I think this is what the Opposition were saying, enough of experts, enough of consultancies. The tourist trade in Gibraltar, the Tourist Office in Gibraltar, the locals of Gibraltar knew what had to be done, enough of paying money out to people to come from outside to tell us what it is we have to do. They accepted that one as well and yet a year later they employed Mr Colin Jones as the Director of Tourism in an unprecedented move because at that stage we were in an open frontier situation. We could have understood it if they had brought him in with a closed frontier situation because obviously his marketing in the UK, etc was valuable but, be that as it may, it was a mistake and a year later or nine months later they, Mr Speaker, put the blame on his doorstep and off he went to the UK, similar to the analogy we can draw with the Brian Abbotts of this world, Mr Speaker. Fourth recommendation - "I recommend that the staff of the Tourist Department be increased" - well, that was done. "I recommend that particular be given to putting across Heads of Government Departments and Senior Officers and through them to the civil service as a whole, the Government's tourism aims and policies and the need for their cooperation and assistance in giving full effect to this". Well, the reality is that this happened but the problems were not coming from the Heads of Department, the problems were coming when the Government tried to encompass that into policy and were unable to produce policy because policy needed money and they didn't have the money and therefore they couldn't produce what they needed. The Heads of Department, as I will show later on, said 'Yes,

we will do that, this will cost £100,000. Yes, we will do that, this will cost £200,000. But, of course, if the money wasn't there what did the Government expect the Heads of Department to do? Comment No.6 - "A major campaign to be launched with the Government in consultation with the co-operation of a private....". That, to a point, was only a reaffirmation of something that was happening, ie the Government and the tourist trade getting together to promote Gibraltar. No.7, I did not understand then, I do not understand it now and it certainly has never happened. It reads: "I recommend that any unreasonable obstruction to the Government's tourism policy should be dealt with firmly and promptly where necessary by legislative action". I take it that that was referring to the question where we had eyesores all over the place with people trying to make a fast buck with our land and holding on to it until such time as they could sell it at a profit, in the meantime they had eyesores all over the place which Mr Pitaluga and the tourist trade wanted the Tourist Office to get rid off. But, of course, that never happened, people continued to speculate with our land and only released it when they had made a killing and a profit at our expense. Policies No.8 and No.9 have no significance. Policy No.10 was the one that the Government didn't accept but said that they would take it for a policy decision which was that the Government would be prepared to give financial assistance to the improvement of the tourist plans in the private sector and I dare say that to a point I would tend to agree with the Government that this is a matter that would have to be looked at very carefully before we start paying out money to improve the tourist plans of the private sector. But, of course, we couldn't improve the plans of the private sector and put money into that until we found the money to improve the plans in our sector. Until the money was not there to improve the plans in our own sector how could we do it for any other sector? So we made all the Committees, we appointed people to the Committees, the enthusiasm of the people in those Committees was great, Mr Speaker. There was a lot of enthusiasm within the trade and people flocked to the Committees and obviously produced tremendous recommendations through the Committees to, eventually in early 1985, to the Consultative Committee. On the 12th February, 1985, we had asked and we were told that the Consultative Committee was now deliberating on the recommendations. I have got here a list of the recommendations, far too extensive to read but, of course, if one looks at various of those points to see the impetus and the thrust, one is I would say, to a point, even embarrassed to mention them. One of the recommendations - "the main shopping areas to be flushed each morning and the area kept clean. The Board felt very strongly on this issue and wanted an immediate commitment that this would be done". And the comment of action is: "PWD pressure jetting machine has been obtained and put to good use this year. Regular flushing requires increase in PWD labour complement". We all heard the Minister earlier in this House after questions from the Opposition saying that he wasn't sure whether they had asked for twenty or six or eight but that he had asked for six and that a policy

decision had been taken in late 1986 by the Government to employ these people, it's late 1987 and the people have yet not been employed, is that the thrust? Is that how the Government see the comments made by the Committee who wanted an immediate commitment and action that this would be done? A year later the people haven't yet been employed, Mr Speaker. "Flower tubs" etc, and the Government said: "That would be left to pedestrianisation", pedestrianisation hasn't happened. "The Government should consider making available adjacent sites to the Government tourist venues such as St Michael's Cave, the Galleries for establishment of shops to be leased" - and I am only referring to a few, Mr Speaker, and I know that from this extensive list there were some minor items that were done. There were some items which were, I won't say ridiculous because they are not ridiculous because, obviously, the people's enthusiasm in the Committees was such that they put in all that they thought was necessary. But there are things, Mr Speaker, that I can accept that haven't been done and couldn't have been done in four years like, for example, a permanent greyhound racing track should be set up in Gibraltar. I accept people's enthusiasm, they put everything in the report and I don't think there is anything wrong with that. The Government should have then picked up the report and said: "This is certainly a very long-term thing, it is not a bad idea but it is a long-term thing. These are immediate and these are medium things". All that the Government have done is do a couple of little things here and there like taking away dilapidated signs, putting more rubbish bins but all the reports, Mr Speaker, this is what I said about the shops and the tourist side referred to DPC. All the report does when we get to the main thrust of what the Committees were saying was, in fact, estimate the capital cost - £50,000, £130,000, £2m, £130,000, £1m, etc, etc, producing an astronomical sum of money of some £5m which the Government then dwindled to some £2m or £3m and all that they did was to pass those comments to the 1986/90 Development Programme which I said, Mr Speaker, after it had been studied and were then told 'no' by ODA. But as, indeed, the Hon Financial and Development Secretary said that there was no other strategy in GSL, no alternative strategy in case the first strategy failed, so did the Government not have any other strategy in case their first strategy of going to ODA failed. Let's see how the Committees operated, Committees appointed in early 1984, Consultative Committee late 1984, deliberations early 1985, studied and passed to the Development Programme. January, 1986, went to Council of Ministers, 8th July no funds available from ODA, 3rd November, 1986, passed to the Forward Planning Committee, 10th February, 1987, still deliberating and the last one is Question No.236 of 1987 where all the reports, all the recommendations of all the tourist reports were dwindled down to the improvement to the Upper Galleries, improvement to St Michael's Cave, refurbishment of the Air Terminal, embellishment to Europa Point, Nature Reserve, Piazza development and Wellington Front development of which we know, Mr Speaker, none of this will happen, certainly,

this financial year and, in many cases, won't happen for a few years to come, Mr Speaker. Because I can refer to a letter which the Hon Mr Canepa sent me which says that what they are looking for is making provision in the Estimates for 1987/88 for a survey of the area by local experts in order to create the Nature Reserve so it won't happen, Mr Speaker. During 1985, during 1986, we know what the Committees started to feel, that they had been used by the Government as a stop-gap in order to see whether the opening of the frontier would create some tourists and at the end of the day would create some money so that the Government could say 'tourism is working'. But we all know that that didn't happen, Mr Speaker. In fact, having created because the Government said they were committed to create a situation of creating an international tourist resort in Gibraltar with a closed frontier. The frontier opened which made it far easier, Mr Speaker, but the Government are so incompetent that all they had to do is keep up because the commercial operators would have done their job for them. Gibraltar became a gateway, Mr Speaker, and the commercial operators, the tour operators, the airlines, would have done the job for them if only they had been able to keep the product in line with everything else. And what do we find after all this, Mr Speaker? That like the Finance Centre which is a pillar that suddenly appeared through 1986 with the Government doing nothing at all, the pillar of the Finance Centre was created because there was a market and it was created and due to a lot of exertion by a lot of people the pillar started growing and then the Government when it saw the pillar growing said 'There we are, this is our third pillar'. Basically, that is what they did with tourism. They assumed tourism was going to grow, they picked it up, they put it there but the reality as opposed to the Finance Centre pillar, they weren't even able to keep the tourist pillar up because even though everything else was happening, Mr Speaker, in 1987 tourism in Gibraltar was in a crisis situation. I know, Mr Speaker, given an article in the Chronicle of the 21st September where Mr Brian Sutton of Marshall Sutton fame, who is a small operator in Gibraltar, Mr Speaker, I accept that, but who had the courage to say what was in everybody's mind, in all the tour operators' minds, Mr Speaker. Everything that the Government knew, Gibraltar was dirty, the traffic problems, the problems of public service, all the problems facing Gibraltar which the Government had done nothing about. And what worried us, Mr Speaker, was that in his statement he said that he was going to have to leave but so would Sovereign Enterprise, so would Thomsons, so would Intasun, etc. We already knew that Thomsons had, in fact, threatened to pull out six months before and we all knew that the reality was that we were only able to obtain a partial presence of Thomsons in Gibraltar. And the reasons were made quite clear to the Government because they got copies of this like I did because, in fact, the Hon Minister in answer to one of my questions commented from the report they had got from the hotels and the tour operators and the reality was that here was a major tour operator saying 'The uniqueness of Gibraltar as simply being British or having certain geophysical qualities or having an active military background

is not yet sufficiently developed as a holiday experience and therefore cannot be distinguished with the mainstream of sun and sea destinations of the Mediterranean. Hence we had an uncompetitive market, we had an uncompetitive environment and we had lack of incentive and measures to prove to the tour operators that we were getting there and Thomsons said they were pulling out. It was only due to a letter by the Hon and Learned Chief Minister that they didn't pull out. We hear this a few months later from Marshall Sutton, the following day we hear in the local press that Sovereign Enterprise is also leaving. Mr Speaker, there is a crisis, of course there is a crisis. At the same time, Mr Speaker, we have a report by the Chamber and we all know that the Chamber have been utilised politically many a time in order to create certain political rights which the President wanted but that is immaterial. This is a Chamber report on tourism which also says in its conclusions that during the years of closed frontier Gibraltar survived in a false environment. It says that the Pitaluga Report has failed, that the opening of the frontier has brought untold opportunities many of which have been wasted, that it is essential that the Government invest money on its own product and there is need for Government to define a clear policy on the future of Gibraltar's tourism. We had the tour operators, we had the Chamber of Commerce, everybody was saying that tourism, as the second pillar of the economy, had failed. So what does the Opposition do, Mr Speaker? The Opposition goes to UK to find out whether that is true. I want to clearly state for the record because I have said this in the press and on television that I don't want to embarrass the tour operators. Tour operators are apolitical, they will support whichever Government is in if the Government is doing what it promises to do but the message that we got back was that Gibraltar was in a very unkempt situation, that the Government had not put the money that they should have into the product, that the tourist product was not what they wanted it to be and that if there was no improvement in the short to medium term then there would be no option for the tour operators but to leave Gibraltar. With one exception, and we all know what exception that is. Well, there are two exceptions, one is one company that is very closely linked to a group of companies in Gibraltar and the other is a major tour operator that works on the more down market sort of tourism which is nothing to turn your nose up to because I think we need a balance in Gibraltar. But, of course, that is what we need, a balance not just one or the other. The message that we got was quite clear, Mr Speaker. The message that we got was that if Gibraltar didn't improve there would be no future as far as the tour operators were concerned, for tourism in Gibraltar and the only reason why they stayed, Mr Speaker, was that Gibraltar was becoming a gateway and that they could see that there could be an expansion of the market in the future but that they were sure that that expansion would not become a reality unless Government put money into the product and were able to sort out all the problems and we weren't talking about major problems. The tour operators understood that you just cannot

find £6m to fix up everything that is wrong in Gibraltar but they didn't expect that, all they expected was a clean Gibraltar, problems of traffic being sorted, problems of parking being sorted, that is what they expected. They told us that in the long-term, of course, they wouldn't mind more hotel beds but they didn't complain about the fact that they weren't getting any. They didn't complain to us that they couldn't find seats in the airlines, on the contrary, one operator told us that he was now fixing up conferences and that he had just sorted out a conference for 89 people with their families and he had had no problems with either hotels or the airline. Of course there is a problem during the summer months as opposed to the winter but the reality is that what the Government had been telling us is giving excuses and it is a fact that the hotels are sometimes full in summer and that the airlines are full but the reality is that what is wrong with the tourist product is that the Government other than pay lip service to it, have done absolutely nothing to put money into tourism and as a result, as we say, we have all the problems related with a bad resort here in Gibraltar, all the problems. And what that does, Mr Speaker, to frighten away the tour operators is that because Gibraltar is such a small market producing for the tour operator, perhaps in the case of Thomsons or Intasun a .001 of their market, the complaints coming from Gibraltar produces a much bigger element, perhaps a .5 in that and, of course, why should a tour operator who is looking at his commercial side and his reputation in the market put up with a place that is producing for him £100,000 or £1m and two million complaints and he is losing reputation. That is, Mr Speaker, the true facts of the tourist crisis. The tourist crisis is that other than paying lip service to all the committees, to the tour operators, to the hotels, to the travel agents and to everybody, other than do that, nothing has been done to produce a good tourist product so that we at the end of the day and the people of Gibraltar could be looking forward to an improved climate on tourism. The proof, Mr Speaker, is very clear. The proof is, as I have said in my motion, in the statistics by the Government and at this stage I would like to say that I am surprised that being at the end of October, 1987, we still haven't got the Tourist Report for 1986, we still haven't got it. I don't know whether it would be associated with the fact that we had a censure motion today and that might have given us even more ammunition but the reality is never ever, since I have been in this House and before when I was part of the GSLP through the Hon Leader of the Opposition, have I ever seen a report on tourist expenditure being that late. But even so we can use the other reports. The Tourist Report for 1985 shows that although there was an increase in the excursionsists from Spain if you took away the expenditure of those in the overall figures the increase in the expenditure due to the mainland visitors was not that great and since the Government cannot even tell us today in this House what is the percentage into National Income of that expenditure, then I don't think they themselves even know what that is producing for them. But I think the most important fact of all, Mr Speaker, is that the Hotel

Occupancy Survey of 1986 I think proves the failure of the Government. In the column for 1986 we find that although there has been an increase in all arrivals to hotels and although there has been an increase in tourist arrivals for hotels, the guest nights sold, Mr Speaker, are lower, 266,000 on all and 201,000 on the tourist side. Why, Mr Speaker? Well, I will tell the Hon Minister, nothing that he doesn't know, two elements. The first element is that the night traveller, the excursionist, is taking over from the tour operator. Secondly, that the tour operators are now using Gibraltar as a two-centre holiday and decreasing the number of stays in Gibraltar. Why? They are decreasing the number of stays in Gibraltar because the tourist product is so bad that they cannot leave them here for five or six or seven days, they can only do it for two or three or four, that is the most that they can do. Gibraltar does not offer anything for long stay tourists, Mr Speaker, and in four years the AACR have done nothing whatsoever to produce anything at all that would attract tourists to Gibraltar. All that they have done is attract excursionists, attract day visitors and, of course, made a lot of money for the people here in selling tours out of Gibraltar. The reality, Mr Speaker, is that there is no way that the Minister can today follow the policy of increasing hotel beds by 150%, no way, Mr Speaker. The only way you can increase hotel beds is by having a parallel policy of improving the product at the same time as increasing the capacity. You cannot increase the capacity without increasing the product. Where is he going to fill the hotels from if people just don't want to come here because of the product, if the tour operators are pulling out? The Financial Centre might produce some offshoot into the tourist market but it is not going to fill another 3,000 beds. That is the reality. We have to have a parallel policy that slowly builds up the beds at the same time as you improve the product if not what you do is you kill the hotels already here if you suddenly plough into the market another 3,000 beds and you push back the clock to when the frontier was closed and the hotels had to fight with each other in order to try and attract customers. The reality, Mr Speaker, is that in four years the Government have done absolutely nothing other than a thing which has happened on its own which is tourists coming over from the coast, being marketed in the coast over here for day trips and excursionists. I am glad sometimes for the Hon Mr Canepa's intervention because yesterday, again he got upset and he got passionate and he said 'Now the Opposition are finally taking their skins off and we are now seeing the wolves underneath the sheep'. Well, Mr Speaker, it is a must to be wolves sometimes because we need aggressiveness because on the other side they are all wolves in their own businesses. What they are is sheep when they are in Government, sheep which have stagnated.

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

HON H J ZAMMITT:

Mr Speaker, Sir, if history is to repeat itself I think that probably this will be the occasion when almost four years ago, in fact, in December, 1983, the then Shadow Minister for Tourism, the Hon and Gallant Major Peliza, prior to the General Election, thought of bringing a motion of censure on the Government because of its inactivity in the tourist field. I have taken the words of the Hon Mr Pilcher with, if I may say so, some humour. At the time when the Hon Major Peliza was on that side, I remember - I have checked Hansard as I always do, Mr Speaker - the cries from that side of the House saying 'You wait until we get into Government'. I must say in all sincerity that I do not wish that this present Opposition finds itself in the same position as the DPBG did three months after Major Peliza's intervention when not even one of them was returned to this House. Mr Speaker, I would like to say that in the four years that one has had this Opposition in the House, in total sincerity and in total fairness, I have never had one single word of aggressiveness with my friend Mr Pilcher and I have got on with him reasonably well as one would expect in the British democratic system that we are fortunate to have but I am taken aback by some of the things he has said. I think that it would be futile for me or any Minister for Tourism to stand up in this House and say that everything in tourism is the goal of perfection. I think that I recognise the faults, I recognise the improvements I would like to see and I think everybody else would like to see and, as is often said, tourism is but one subject in which everybody is an expert and no sooner does one meet somebody that one receives an idea to which I listen to, invariably an idea that is not novel, that either somebody has brought before or that one, in all modesty, has thought of but finds difficulty in implementing. Mr Speaker, I am taken aback by the insincerity of this motion because the GSLP throughout its existence, even when the Hon Leader of the Opposition was in isolation over there, has not had faith in tourism and therefore it is because of that that I wonder what the motive for bringing a motion of censure against Government on tourism could be in the final months or weeks of the present Government. One wonders why. In the case of Major Peliza, the then Shadow in 1983, one found that his main contention was that I should be based permanently in England and then, of course, one analysed the motives. Well, because if he became Minister for Tourism as he lived in England it would be very, very proper. Yet the Hon Mr Haynes was totally against the fact that I even went on trade promotions, he used to call them 'jollies', so there one found the disparity. But for all the love and affection that I may have for Members opposite, I must say that I find even greater disparity in the GSLP towards tourism because - I can quote from Hansard but I don't want to make this too laborious - I can quote from Hansard where the Hon Leader of the Opposition does not and has not supported tourism at all during his sixteen years as a Member of this House. One finds that the GSLP in their manifesto, and I refer to the manifesto because our manifesto is mentioned in the motion, says nothing about tourism but comes up with a conclusion and even the conclusion is wrong, Mr Speaker.

Conclusion - 'Whilst the party believes that the achievement of the above policies would have been a relatively easy matter if Gibraltar's resources and its economic potential had been better used in the past, there can be no doubt that it will prove a much more difficult task in the current state of the economy' - of course we are talking of 1984 - 'but it can still be done. Gibraltar faces further economic decline and a drastic drop in the standard of living if the policies of the past are continued for the next four years'. Well, their forecast was wrong, Mr Speaker. I will give way to the Mover of the motion but I will say one thing, if I may. I have not interrupted at all during the Hon Mr Pilcher's speech and I would dare say that I expect the same courtesy when I am talking. Mr Speaker, they got it wrong because there was a growth in the economy since 1984 or is it that the general public has not seen the growth in the economy? Is it that the little bit of goodies that we have given back has not been a betterment? Is it that the opening of the frontier was not a betterment for Gibraltar? They said the Brussels Agreement was a disaster. Well, look, Mr Speaker, at the disaster it's been because whether you call them excursionists or whether you call them tourists or whether you call them what you like, the fact is that since 1985 there has been a better cash flow situation to the whole industry affording, in particular, the hotels, a better cash flow and a better relationship with the banks to afford them cash facilities to improve their product. I think that it doesn't take very long to go around and to see what the hotel industry has done in the last eighteen months or so in improving their product substantially. I think I can say they are probably close on £4m expenditure. Mr Speaker, there are very many other facets. Mr Pilcher has mentioned a number of facts which, I am afraid, he has got all wrong and I say all wrong, not half wrong or partially wrong, all wrong, and I am surprised because it shows that they really haven't got their heart in tourism. It's a good political gimmick at this time of the life of a legislature to bring this up but they haven't got their heart in tourism. I remember saying to the Hon Major Peliza that during his time as Shadow I had received four letters. Well, whether Mr Pilcher says he wants to keep it apolitical or not, I will tell him that his other colleagues of his side of the House write to their corresponding Members on this side of the House in all spheres. I know Mr Juan Carlos Perez is a very good letter writer and is writing constantly to the Minister for Public Works and the Minister for Municipal Services. I haven't received one letter from Mr Pilcher, not one. I offer my hand of friendship, as I always do, to Mr Pilcher and he is very welcome to come round and I have offered other things to Mr Pilcher but he hasn't taken it up seriously, Mr Speaker. So it is no good saying that I do not invite him to Cocktail parties. Let me tell you, Mr Speaker, I normally don't invite anybody, it's my staff who invite the people appropriate for that particular function. But, Mr Speaker, they have got it wrong. Mr Bossano, for instance, way back in 1984 as Leader of the Opposition not only didn't support tourism

but actually spoke against it, and if I might quote, Mr Speaker. In Hansard of the 30th October, 1984, Mr Bossano says: "In the long-term, Mr Speaker, perhaps tourism will produce but not only do we have no guarantee of that at all, the figures that we have had since 1972 onwards do not show that this will be the case and that is why we abstained from the vote of £357,000" - I will pause there but I will carry on quoting. That is the attitude that one has found in this Opposition and Mr Pilcher says that we should pour more money in, that we haven't done this and we haven't done that. The Opposition abstained. I quote again from Hansard on page 75, Sir: "will not produce the amount of tourists that the Government think that they are going to bring and if this is not the case then it will certainly not produce any increase. In fact, as my Hon Colleague was saying" - and I can tell Members that he refers to Mr Feetham's previous intervention - "there might even be a contraction of the tourist industry as such". Mr Speaker, there hasn't been a contraction of the tourist industry and I will prove it. It is very easy for Members opposite once every four years to start picking figures of extracts. If there was a decline, as the Hon Mr Pilcher mentions in paragraph 2 of the motion, between 1984 and 1983, he did not explain why or what had occurred in that year. If Mr Pilcher cares to check he will find that there was an increase of air arrivals, there was an increase of people coming over the frontier, there was a decrease on account, very much beyond our control, of the Moroccan Government's imposition of a £50 departure and a visa requirement for two European nationalities, I think it was Holland and Belgium, but it wasn't a tourist effect as such or a tourist decline, the decline was by sea. Mr Speaker, Mr Pilcher himself has explained but I don't think he has convinced himself that the decline that he also mentioned in 1985/86 of the Occupancy Survey, does not show what he tried to interpret. He spoke, very briefly, of the situation whereby today because there are people coming into Gibraltar and occupying beds on a short stay of one night or two nights and back on single occupancy and, of course, the two-centre holiday then, of course, people instead of staying in Gibraltar - and please don't hold me down to figures - instead of staying in Gibraltar 7.8 days, they are staying 4.5 days but there is a greater turnover. In fact, I can tell Mr Pilcher, never mind summer, that now hotels are doing exceedingly well, already it is impossible to get a bed for Christmas and therefore I don't see the crisis that the Hon Members opposite are trying to bring about. Mr Speaker, one is chastised individually or even the Government when some tour operator decides to leave Gibraltar and, of course, I regret the fact that a tour operator wants to leave Gibraltar. I think Mr Pilcher has been economic with the truth because although it is true that the tour operators are not satisfied with the Gibraltar product as it stands today because of the very many undeniable facts that Gibraltar faces - the cleanliness and the like - I am sure tour operators have told him what they have told me and if they haven't then the tour operators, although

they might like to work with two Governments, might rather work with a known king than a king to come and they have told me what the problems are. The problems are that tourists today in the competitive market of this world industry that tourism is, are not prepared to have to come to Gibraltar and suffer the hindrances that Gibraltar affords them - power cuts; dirty roads; you mentioned, I think, the flushing machine, that was blacked for eighteen months by the union, not a word from the Opposition. You cannot expect people to come here and find they cannot go on a lift because of a power cut. You cannot expect people to come to Gibraltar and find that the buses aren't functioning or the taxis aren't functioning or the coach operators aren't functioning, strike after strike after strike. Why should people come here and pay that little bit, I say 'little bit' extra and find the hindrances that none of us have the courage to come out and say 'That is what is ruining Gibraltar's product', because there is no excuse when one finds what my colleague mentioned earlier on, the number of people we have employed to clean the roads, the mileage that has to be cleaned, the amount of money the Government spends on cleaning, in refuse collection, it is second to none I am sure in Europe. Certainly I cannot think of any area of our size that spends as much public money in cleaning, in refuse collection and in sanitation and the rest, as Gibraltar does. But, alas, no sooner do you get out of one strike that another one is on the way. I was checking some time ago, Mr Speaker, that it is almost impossible to find a week in Gibraltar where there is not some industrial action, be it at the airport, the Caves have been blacked, people have been sent back because they cannot get there, tour operators have had to pay out enormous sums of money because pre-paid Rock tours, the Caves and the other sites have not been able to take place. But none of us say that, it is the Government that is wrong, it is the dirty streets. I suppose Sir Joshua and I should go out with brooms sweeping when we are paying people £100-plus per week. Let us look and let us be honest about the product and about the failings of the product and then if you care to ask tourists in Main Street what is wrong then they will tell you 'Why should I come here?' - as British as we are and as much as we wave the Union Jack or whatever - 'Why should I come here when for £300 or £400 I can go to Greece or Spain' and not put up with these hindrances. Let me tell Members opposite that Gibraltar has a very bad reputation in Great Britain with people saying: "I want there, I won't go again, I couldn't find a car, I couldn't find a taxi, I couldn't find a bus or I was given candles because the hotel had no light". That we just cannot afford to do. Mr Speaker, I think it is high time that someone stood up and said this kind of thing because let us not kid ourselves, let us not say that by employing six more men in Main Street it will be swept because Gibraltar has problems, every street in Gibraltar cannot be swept because of parked cars which makes it very inconvenient and when you see the poor man trying to sweep he cannot get under the engine and then when the car moves away you find there are sixteen coke cans below it and, of course, the man starts sweeping at 9 o'clock and

the car moves away at 11 o'clock, it will stay until the following day providing another car doesn't come in and takes up that place. At the last Budget Mr Pilcher very gallantly stood up and said there was only one department that had a projection and got its things right and that was the Tourist Office and I think although he has expressed, and I am very grateful, a word of thanks or a word of praise to the Tourist Office for their endeavours, which I wholeheartedly supported because I can say that I have the most enthusiastic staff that any Minister could ever hope to have, a staff with an entire commitment, sometimes they feel very frustrated at the reaction that takes place. Mr Speaker, Mr Pilcher said that the Government has failed in the election manifesto promise on tourism. Have we failed now at the end of the term of office or did we fail when we came in, as the Hon Member mentioned, one month later, or after the Pitaluga Report? Why have they had to wait at the end of the term to bring this up? It is very obvious, Mr Speaker. Although one can be criticised because Sovereign Enterprise leaves Gibraltar, although one can be criticised because something else happens, invariably not entirely of Gibraltar's making, I have never received any form of encouragement, let alone appreciation, or the Government for that matter, on what has occurred. I think that most of us are old enough to remember, for instance, the flight situation that we had prior to 1982, five aircraft a week with Wednesdays and Saturdays no communication. Today we have 27 flights a week with the hope that in the not too distant future more planes will be coming on stream and more important, indeed, is the fact that it will be from other departure points and not just Manchester and Gatwick. I didn't hear the Opposition express any concern over the dismay of GB Airways not being able to secure the European market. I have not heard any word of sympathy or attempt on GB Airways approach to try and bring aircraft from Frankfurt when it was thwarted by international situations.

HON M A FEETHAM:

I don't think you read the papers.

HON R J ZAMMITT:

Well, I say I haven't heard it here in the House of Assembly, the papers can say what they like. I think the House of Assembly as there have been issues very much less important than that, I think it might have been appropriate, probably with a motion of censure, it would have been appropriate to have incorporated or another motion of censure condemning other Governments for their trying to bring us to economic ruin. Mr Speaker, all in all, one sees that there has not been throughout the four years a concerted effort to try and support or to try and encourage. Mr Pilcher is right in what he said about the questions that they have asked and he knows I complained about it because, Mr Speaker, during

the whole of 1984 out of 247 questions the GSLP brought, 7 were on tourism. I think Members opposite with their tremendous economist acumen might like to work out the percentage, so much for the concern for tourism. In 1985 out of 256 questions, 13 are dedicated to tourism. In 1986 out of 304 questions, 9 on tourism. And in 1987, up-to-date, Mr Speaker, out of 337 questions, 11. Mr Speaker, if there is the crisis in one of our major pillars of the economy that the Hon Members are trying to portray, is it proper that nothing has been done to bring the Government's attention to the crisis? Mr Feetham, and I don't want to involve other Members, in the debates over the years he got it wrong too and, may I say, Mr Feetham was involved in tourism roughly about that time. When he said, in Hansard that tourism will not create job opportunities, in fact, he is the one that says there will be contraction. Well, there wasn't contraction. If you look at the Employment Survey you will see that there is much more work and let us be quite honest, Mr Speaker, about this. Let us not just look at the hotels and catering employment figures but the spin-off that they have, the distributive trade had benefited from it because if a shop in Main Street had three people employed and today they have five it is only because there are 10,000 people walking up Main Street from wherever. I welcome tourists from Soviet Russia or from Fascist Chile, as long as they are tourists and spend money here, welcome. These are excursionists that produce, as Mr Pilcher rightly pointed out, a very valuable contribution to the economy although I am not denying the fact that what is, in fact, more pleasing to me and to the economy of Gibraltar is the person that occupies beds in Gibraltar, that without doubt. Mr Speaker, there is no crisis. I said in answer to the Hon Mr Pilcher that I hoped to be able to announce, hopefully, next month, the appearance of an entirely new operator to Gibraltar. There is faith in Gibraltar but what we have to do, Mr Speaker, not the Government alone, do not blame the Government alone, the whole infrastructure of Gibraltar requires an element and, may I say, I commend the private sector for what they have done. I think that those of us who are here permanently and walking up and down the various streets fail to see the improvements because, of course, they are coming up day by day but visitors that come back are seeing landlords with a greater spirit of enhancement of their properties. Unfortunately, during this particular period Gibraltar is suffering a tremendous hindrance in the form of construction. I think it is very good, it employs and distributes a great wealth to the economy but there is a hindrance in traffic flow, in hoardings, in lorries running around with iron or cement, which of course will come to an end. I am sure a day will come when all these things are finished and therefore we will see Gibraltar as it ought to be. Mr Speaker, again Mr Pilcher is wrong in saying we have done nothing towards the product. Well, of course, we have. We would like to do more and no one on this side of the House better than me would like to see vast sums of money put into the product in improvements but already as we have spent, I wouldn't

say enormous sums, but we have spent money in St Michael's Cave - new chairs, we have provision for a new toilet. However, I also would like to spend more but I have to be reasonable and accept that I am one of eight Ministers and every Minister wants to try and improve their own Ministries and their own improvements in social services, hospital, education, etc so therefore I have to get in line and take out what I can. Mr Speaker, Gibraltar has the touristic potential. We are doing as much as we possibly can. I think it requires a concerted effort by everybody, not just the Government, the whole of the tourist industry and, again, Mr Speaker, we must accept that we are not a serving community. The attitude towards tourism should change as I am glad to see the Opposition have changed by bringing this motion on tourism. I don't think, with the greatest respect, Mr Speaker, there should be any laughing because if Mr Bossano wants and I do not wish to do it, I can quote Hansard where he absolutely fought against the development of tourism so let's not have the chuckling. It is now, in the dying days of the existing legislature, that the GSLP are coming out with tourism. There is nothing in their manifesto about tourism, there was nothing about tourism and, in fact, they have made fun of it and if we want to really be somewhat humorous about it let's not make a hoo-ha about the Pitaluga Report because fun was made of the Pitaluga Report and the Hon Mr Juan Carlos Pérez, who I am glad to see has joined us, referred to 'Piturismo' in his newspaper and has joked about Joe Pitaluga's Report so let us not say now that the Pitaluga Report was the Financial Times, no, as far as they were concerned it was the Beano or the Dandy, it was a comic for them and now they say that it was the Gospel coming down from Heaven. No, they made fun of it, they tried to ridicule it. Now it pays to get on the bandwagon because tourism is doing well, because people are seeing the growth of tourism and let me tell you, Mr Speaker, that I am not trying for one moment to say that it is the goal of perfection but I do say that Gibraltar can cope four-fold with what we have today. Everybody is an expert on tourism, everybody gives you ideas of what you should be doing but let not the Opposition jump on the bandwagon two or three or five months before a general election with their pious promises on tourism because there are over twenty Hansards that amply portray the genuine feeling of the Opposition towards tourism. This Government, Mr Speaker, the AACR, and I have been now at the helm of tourism for something like eight years considering that I was acting for my very dear colleague Isaac Abecasis during his lamentable illness for four years, and his predecessor Abraham Serfaty, have been saying this on tourism for a long time and we keep solemnly to that because we do see tourism and Gibraltar's position in the tourist market and the golden opportunity to make Gibraltar's economic situation improve day by day. I would say the Government has been very unlucky in circumstances, Mr Speaker, of not being able to pour more into the tourist industry, for instance, the £2m of GSL. It would have been £2m that I could certainly have made a bid to try and spend on improving this, that or the other. But there are very

many things that we have done which the Opposition has not given us credit for and very many more things that have to come on stream, for instance, the inauguration of the Heritage Trust. Mr Speaker, we can all chuckle and laugh at it but then it is no good, with great respect, I have a lot of time for him but it is no good then attending the Heritage Trust and saying how much he supports Heritage and then start chuckling about it because I am the kind of individual that will not, if I don't believe in it, I will not go to the Heritage Trust and partake. But it is no good saying 'I support conservation and I support this and if we come into Government we will give the Island Games £90,000 to go to the Faroe Islands and if we go into Government we will reduce municipal charges'. Mr Speaker, when you are on that side of the House you can make all the promises in the world. One read yesterday, Mr Speaker, in the Chronicle, about Miss Mari Montegriffo's participation in an Annual General Meeting of the Small Islands Games. She said that if they got into Government they would underwrite - I don't know if the Hon Mr Bossano knows about it - £90,000 from the Tourist vote. I thought Mr Pilcher wanted more money spent on tourism. I doubt if Mr Bossano with his great socialistic ideals would like to saddle the taxpayer with a £90,000 bill to send athletes, as meritorious as it may be, to the Faroe Islands. If the Hon Mr Pilcher and Mr Juan Carlos Perez can go and tell tour operators in England 'if we come into Government we will reduce a, b, c, d, e, f, g', well, Mr Speaker, probably because of their inexperience of ever having been in Government they might find that if they ever do come into Government which, of course, is a very remote chance, they may well find that they may not be able to fulfil their promises. I remember Sr Felipe Gonzalez promising that if he was elected he would produce 700,000 jobs. A tremendous promise, it got him into office but he didn't do it. It is easy to make promises and I would warn Members opposite that one has to be very careful as to what one can promise and if you care to put pen to paper to all those promises and add them up you may be faced with a greater bill than we have been faced with GSL. Mr Speaker, Gibraltar, over these last years, and the Tourist Office in particular, have had to carry out a tremendous amount of work and very many things have occurred which we have done, again, I am not asking for any support but we seem to forget that when things do work our way no one is ever prepared to say 'Thank you' or 'Well done', nothing at all but to criticise on top, it does hurt. For instance, the diversion we had of aircraft, eleven in one day, because of industrial action in Malaga airport. My staff worked tremendously hard at the airport with little, if any, hitch yet not a word from anybody. My staff have had to cater with diversions in mid-air by a tour operator that had to divert here because of overbooking in another place. We had them here for two weeks and we bent backwards because it was another tour operator that we were trying to collar so we bent backwards at no small expense to try and encourage them and to convince them that Gibraltar could be used by them as tour operators and as air carriers but

I was embarrassed by the lack of appreciation shown by that company when I tried to contact them later on but there you are, that's life. Mr Speaker, one has seen Air Europe's expansion in Gibraltar, one has seen the scheduled air services of Air Europe increasing on a daily flight with a 757, that's gone amiss. It also went amiss, as the Hon Member mentioned, Thomsons' partial withdrawal. Well, Mr Speaker, again I am not asking for medals or appreciation or bouquets or thanks or anything else, I never get it so why should I ask for it, but it was only because of our immediate intervention with Thomsons that what would have been a total withdrawal from Gibraltar has, for the time being, been able to be brought down to a partial withdrawal for 1988 and I hope, Mr Speaker, that if things went well or at least if things were to go normal as they do in most other holiday resorts, then Thomsons could well be encouraged to not only bring one extra flight but even to increase it and I think the Hon Member has been told that because I have certainly been told that by Thomsons. Thomsons is a major tour operator and very rightly so, as Mr Pilcher mentioned, what they really complain about is that the small number of people they send to Gibraltar give them more headaches than they do from Mallorca to which they send something like one and a half million people. But if we do understand what the major complaints are it is that famous word that I have been trying to preach to the uncovered for certainly my seven years in tourism, is the attitude towards tourism. We have the aptitude because Gibraltarians are known to be friendly. I have received letters, Mr Speaker, that are incredible of the performance of people in Gibraltar. I have had a letter of a taxi driver taking somebody on a Rock Tour and then inviting that person home for dinner and probably spending £40 in inviting him to dinner and having made only £12 on a Rock Tour. Where in the world would one find that? That friendship is more than known, it is the general attitude. We cannot have a situation that we have had to put up with for so long. Mr Speaker, I have a list here of the various industrial actions that have taken place but I do not want to bore the House because I think I have said that one cannot find a week where there isn't something but I have a list here of industrial action after action after action. We cannot expect people to come here and put up with this and that is where the Opposition because of their tremendous influence over the unions, might like to help. If they do believe in tourism, as they say, then for goodness sake let us not have a union threatening to deposit wood outside the Governor's Palace or all the stacks of wood up at Europa Lighthouse because of industrial action. I don't want to get involved in industrial unrest or industrial disputes but if there is industrial unrest please don't pick on the tourists because they are the people who are giving us, I wouldn't like to say the bread and butter, but they are contributing substantially to the economy. As I say, I think that through our attitude some people in Gibraltar are doing Gibraltar a disservice in selecting the kind of industrial action that has a bearing on people who want to come here and part with their money because of Gibraltar's

geographical position or because Gibraltar can offer them something that they would like to benefit from. It is a message I would very much like the Opposition to take. Mr Speaker, in conclusion, I cannot understand and I don't think anybody else can understand, the crisis. What is the touristic crisis? That three million people come over the frontier? That 100,000 people come by air? If the Hon Member was to say: 'The problem is that despite the twenty-seven flights that are coming into Gibraltar it is still difficult to find a seat', despite what the tour operators may have said to the Hon Member, because something like 70% of the seats are turning right and going into Spain and I am sure the Hon Mr Pilcher has gone around to the hotels and been told that they cannot get the SIGIT seats because obviously there is a greater viability in selling seat only than there is in selling an all-inclusive tour. Yes, those are things, I think, where there could be a joint effort in trying to rectify that situation. If the Hon Mr Pilcher was to say: "There are more flights but ..." No, there is nothing of that. There are increased flights and tour operators or not, is the fact that they are still finding difficulty in finding SIGIT seats on the aircraft. And with regard to what I call windfalls, again, no one seems to say: "Government well done". Sometimes we get tremendous coverage on issues very much beyond our making, the Ark Royal 'Rock Around the Rock' Concert with Bob Geldof and all the other people I had never heard of before but there it was. There was free publicity given at a time which would cost us thousands of pounds. 'The Living Daylights', the James Bond film, another great advertising for Gibraltar. Nothing has been mentioned of those things. Those things may I say, had one of my HEO's away from the office for almost three months. No credit at all is given for that kind of thing which all helps. We have participated in things we weren't participating before and I am saying that because the crisis seems to be from 1984 onwards. But, Mr Speaker, apart from our continued participation in trade promotions, in trying to keep up with the trade, we have taken the World Travel Market which is totally new to us, I think we have been there on three occasions, this is our third occasion now. We were in FITUR if you remember, Mr Speaker, a few days before the actual frontier opened, a few days before, in fact, I think the frontier opened on the day that FITUR opened and, of course, we go to fairs around Southern Spain. Mr Speaker, I do not live in cuckoo land as it has been alleged, I realise that if there is a £5m cake and if we were five Ministers I would be a fool not to try and get it but Gibraltar has been put through tremendous problems and we are slowly getting it. I am sure Mr Canepa in his intervention later on will be able to tell you, although I have it here, Mr Speaker, but I don't want to step on the tourist development there is this motion as a political gimmick to try and bring tourism to the fore in the dying days of a legislature as much as the political gimmick that is being made of promising Tom,

Dick and Harry everything that they will underwrite, pay for and contribute to should they come into power. It is a political gimmick, as much a political gimmick as it was in 1983 with the then Hon and Gallant Major Peliza. There has been no concern for tourism on that side and, as I said, I do not want to be boring but I have more than enough evidence in Hansard probably for a more appropriate time, probably the elections, to be able to demonstrate that there is no faith in tourism on that side and if there is no faith there is no hope. The Opposition as a whole, Mr Speaker, have been a failure on tourism but I will say this, they have been a failure in trying to project it because, and Mr Pilcher tried to cover himself up very beautifully, may I say, where their heart really lies lock, stock and barrel is in GSL. That is where the concerted efforts of my good friend Mr Pilcher, the Leader of the Opposition and other distinguished gentlemen opposite, that is where their hearts lie, GSL. Other hearts lie there too, let me tell Members. But on tourism it is wrong, it is false, it is ridiculous to bring a motion against the Government on its failure on tourism. I do not pretend that everything is alright with tourism. I think Gibraltar is like an old lady - beautiful, pretty but requiring a tremendous amount of cosmetics, but she is pretty and that is where I have placed my faith, I think the Government has placed its faith in tourism and slowly we are getting there but let the Opposition not try and take advantage because they can be ridiculed on their past performance. I will not bore the House, Mr Speaker, in quoting very many - I have only got two here but I think there are twenty Hansards, I was checking at home last night, twenty Hansards, Mr Speaker, where there is clear evidence that never mind supporting tourism, there are Members on that side of the House that have no belief or faith in it at all and let them not try and get into the tourist industry, all the trade or the whole spin-off that tourism provides which is massive, in saying that they will do a, b, c, d or x, y, z because their reputation and their failure and the record of their participation will place them in ridicule. Mr Speaker, I do have a liking for the Opposition and I would like to wish them well and I would like to see them back in Opposition next time. I would ask them not to make the same mistake as the DPBG did when they found that not even one member, not one of them was returned to this House. Mr Speaker, having said that I think it is lamentable that the Opposition should think at this time to bring a motion on the tourist crisis. I just cannot see the crisis. My Hon Friends, the Hon Brian Perez and the Hon George Mascarenhas were telling me the other day they were walking down Main Street without being able to say 'hello', they hadn't met one Gibraltarian, they were all tourists down Main Street so it cannot be all that bad. Had this motion come at any other meeting of the House, six months ago, a year ago, after the Pitaluga Report, then one would have seen, alright they believed in it but they haven't, they have been making fun of it. I don't know who 'El Tio del Capote' is, I have a very good idea. Mr Speaker, one of the things I mentioned was the fact that Air Europe was increasing. I omitted to

say that GB Airways are expanding. As we all know they are buying their own new aircraft and there are very encouraging moves for expansion. Of course, GB Airways is a company with a great Gibraltar commitment. On the development aspect I am sure my Hon Friend and Deputy Leader, Mr Canepa, will talk about very many aspects of the industry that have to be improved, as I mentioned earlier on. We are now looking at the airport, it is not just a patching up job or leaking roofs, we are looking at the expansion of probably an entirely new air terminal and probably in a different location. We are thinking of and we have already made provision for extending and widening the roads on the Upper Rock. I have mentioned in the House in the past things that occur which one doesn't really know where to put the finger on. For instance, we know that 10,000 people on average cross the frontier yet we find only 1,000 go to the Caves. I suppose shopping and other factors, the whole marketing of Gibraltar requires clarification. I think, of course, today there are great problems in the Upper Rock with traffic and I don't blame taxi drivers or coach operators not going to the Galleries, I know the difficulty of getting there and turning round. So the Gibraltar product is not being sold totally probably because we have to do a number of things. I am not saying that we have done everything right, I think there is an enormous amount that we have to get right and the time to do it in the not too distant future. We cannot dilly dally very, very long and I think that now we have a golden opportunity because we have seen the potential that Gibraltar has in the tourist market and its inevitable growth. There is an inevitable growth and if we get our act right and that requires, as I said before, a concerted effort, then I think there is a great future for Gibraltar. Mr Speaker, I thank you for your tolerance, Sir. I would just say, once again, that I think the Opposition have attempted to jump on the bandwagon at the end of the term of this House and, as I said before, I cannot understand the facts pointed out in the motion of censure against the Government. There is no crisis and I don't think the word crisis fits in any way. Therefore, Mr Speaker, I would say that in the last paragraph of the motion, they are most inconsistent. They say that Gibraltar is not a tourist resort of international repute even without the advantages conferred by the opening of the frontier. Well, Members opposite were saying the opening of the frontier was a fracas. How can they now say it was an advantage? Mr Feetham himself at the time said that we would not get the tourists, we would not get the coaches.

HON M A FEETHAM:

That is absolute nonsense, you show me where I said that.

MR SPEAKER:

Order, you will not speak across the House.

HON H J ZAMMITT:

I will certainly give him the Hansard. Mr Speaker, it is most improper for the Opposition to bring this motion at a time when there is no crisis because if there were a crisis then, of course, a motion would lose the value that a motion of censure against the Government would have in a real crisis and I think the choice of words is totally improper. There is no crisis and, if anything, Sir, we hope to go from strength to strength. Thank you, Sir.

MR SPEAKER:

We have about twelve minutes before lunch or would you rather that we recess now and continue at quarter past three?

HON J BOSSANO:

It will certainly take more than twelve minutes. The Hon Member has been at least half an hour talking about me and the Opposition and nothing about tourism. There is certainly a lot to be answered.

MR SPEAKER:

Then we will now recess until this afternoon at quarter past three when we will continue with the debate.

The House recessed at 12.50 pm.

The House resumed at 3.30 pm.

MR SPEAKER:

I will remind the House that we are on Private Members' Motions and we are debating the motion moved by the Hon Mr Joe Pilcher.

HON M A FEETHAM:

Mr Speaker, I have had at least two hours since the Hon Member responsible for tourism spoke, to digest the contents and the defence that he has put up against the motion presented by the Opposition. Quite frankly, Mr Speaker, I could spend the rest of the afternoon, tomorrow and most of next week, which I don't intend to, answering all the irrelevancies and all the red herrings that the Minister has brought up in order to respond to what appeared to be a constructive criticism of the lack of policy on the part of the Minister insofar as tourism is concerned. Of course, the Minister who I regard to be excellent when it comes to oratory insofar as to what I would term to be the 'patio' politics which also is very inherent in politicians and we all have a tendency to do that, I think the Hon Member opposite excels

himself when he dwells in 'patio' politics in order to defend his political point of view. But, of course, what he did do was not to defend his own policy, instead what he did was to spend at least 70% of his time in judging our policies on tourism. Well, I am sorry Mr Minister, we are not the Government, you are the Government and you have to respond to whatever criticism this side has to put over. And if they are not fair and constructive you have to come back with constructive arguments.....

MR SPEAKER:

Before we go any further, you will speak to the Chair and not across the floor.

HON M A FEETHAM:

I accept that, Mr Speaker. He has to answer constructively to the points put over by my colleague in moving the censure motion and, of course, he didn't do it. Instead he dwelt upon the difficulties that his Department and the Government were facing in pursuing a coherent policy on tourism and once again we have had the classic approach by a Government which is cornered, and the AACR Government are concerned at this point in time, in putting blame on everybody for their failings, Mr Speaker. Yesterday we had the same line taken by Ministers insofar as GSL was concerned, then we had a late, no doubt, calculated response by the Minister for Economic Development saying that we were anti-Finance Centre, that we were anti-GSL. Now we are anti-tourism. We also, Mr Speaker, happen to be Gibraltarians and we also want the best for Gibraltar and we have also got children to bring up in our beloved Gibraltar. So we have all got a vested interest, Mr Speaker, in doing the best we can for Gibraltar. The problem is, and this is where the Minister fails, is that there are ideological differences on both sides of the House in approach and in policies. Tourism, Mr Speaker, plays a part in our policy. How predominant or otherwise is a matter for us to judge and it is for the Members opposite when we are on that side of the House to come up with criticisms if we are failing in that policy. But, of course, the Minister in responding to my colleague, concentrated in putting over to the House and no doubt to the rest of Gibraltar because no doubt the media will give ample coverage to what the Hon Member has said which is only fair, it is up to the people to judge whether he is right or wrong, again the question of industrial relations comes up. Again he appeals to Members on this side who are influential in the Trade Union Movement to see whether we can influence the unions to be more cooperative. Mr Speaker, the Hon Member fails to understand that the problems inherent in industrial relations today which is an important facet in trying to pursue a policy is the relationship that the Government has had and the record that the Government has

had in support or otherwise of the Trade Union Movement in ensuring the goodwill and the cooperation in pursuing a particular policy of Government. Of course, what the Minister failed to put to the House was the story behind the situation today. I have in the past reminded and, of course, I need to do so again today because it would be unjust to the labour movement in Gibraltar if one didn't respond to what the Minister has said, to remind the Minister that since 1972 we have had industrial problems, we have had them since 1972 and before 1972, since 1970 and the problems were very clear. The AACR Government failed and the AACR Party failed in its historical mission which that party had in those days of its affiliation with the Trade Union Movement. What it did and that is reflected today in its policies, what it did was to part ways with the labour movement in Gibraltar and take an anti-trade union policy and fight the Trade Union Movement all the way and, of course, they have had to eat on a number of occasions humble pie and, in fact, recognise at the end of it that the Trade Union Movement were right in many of its policies and one, of course, was the question of parity. Mr Speaker, we cannot blame industrial relations if the tourist policy of the Government has failed. It is an inherent failure of the historical political participation of the AACR in our political structure that has helped to lead to that sort of situation. They must also take some blame in that respect, Mr Speaker. Having answered that particular point, we are criticising Government's tourist policy, we are not criticising Government's development projects. If we thought that Government's development projects had reached a stage where we considered it necessary to bring a motion of censure to the House against Government for that policy, certainly as the person responsible in that area, I would have brought one. But at the moment the development policy of the Government which has been explained on a number of occasions by the Minister responsible has not developed to an extent where we are able to judge although already we begin to differ in approach in that respect but it isn't the moment for us to take a particular line on that. But it certainly was on tourism so I don't understand the Minister saying that the Minister for Economic Development is going to put over what the Government has done in development, that is not the issue, we are talking about tourism policy and I will explain. Government's position prior to 1984 was a position of acute economic crisis, there is no doubt about it, the Government themselves have said so in the House. In fact, if we look at the statements which our colleague is so fond of looking in Hansard - incidentally I certainly have looked at lunch time at some of the quotations that the Minister sought to bring up and they certainly don't tally with the reading that I have had but I haven't had enough time to see whether I can find any evidence of what the Minister had said but I am going to follow it up and I shall be writing to him to pinpoint those things to me. In 1984 Government at Budget time came to the House with a deficit and, in fact, the reserves were down to £2m if you recall. Towards the end of 1984 Government came to the

House to borrow money to cover deficits for the first time in the history of Gibraltar. That set the scenario, Mr Speaker, for Government response and Government response was that as imminent discussions were taking place for the opening of the frontier, Government response to their economic crisis was that instead of standing firm on the wider questions of Gibraltar's future and on the question of the economic direction that the Government should have decided to take, instead of that what Government did was try to pull wool over the eyes of everybody else in Gibraltar and caved in on the Brussels Agreement and because their salvation economically as they saw it was that it was necessary to advance EEC rights to Spaniards in order to get the frontier to open before, they pursued that particular policy in the hope that the traffic generated by cross-frontier flows would help generate and get the Government out of the difficulty that they were in at that point in time. That is, in my view, in the view of the Opposition, the decision that Government took that set the scene for the difficulties that the Government are facing today. But there is plenty of evidence to show that far from us being wrong in 1984 we were right in 1984. There was a contraction in the tourist industry in 1984. And you cannot quote me now in 1987 and say we were wrong because people are coming across the frontier, that doesn't wear with me, it doesn't wear, Mr Speaker, with any intelligent person. It may sound good but it is wrong and you have made mistakes, Mr Minister. What happened was there was a change of circumstances, people were coming in, of course people were coming in, we said people would come in, it is obvious people would cross the frontier if the frontier opened. Plenty of things would happen if the frontier opened but what has been the effect of the frontier opening is what we have to look at. Before doing that, Mr Speaker, Government had no alternative but to say: "Things are happening, we have got to play our part in this", otherwise why would we have a Minister for Tourism, "we have to play a part in this, this is our policy". What was the policy that Government said would have to be pursued in order to strengthen Gibraltar's economic base insofar as tourism was concerned. As my colleague has said, they came up with the Pitaluga Report which was a collective view from all cross sections of the trade arising out of meetings he had had with everybody and he brought something concise which we could agree or disagree with but it was an effort and the Chief Minister came to this House, Mr Speaker, and said: "We accept the report, this is our policy", and he even went further because at the time with GSL not being sure which way it would go and with so many people crossing the frontier they said: "This is going to be our salvation". The Chief Minister then said that he would have close consultation with the Consultative Committee and with everybody else and that he would be looking for monthly reports of the progress. They were giving it a lot of importance at the time. The problem as we see it, was that having set up all these Committees, that having set up all these - I think somebody termed it - tourism planners at different levels, that would bring forth action at a consultative level, what happened then

was that we came up with a major problem and the major problem was as my colleague has said and I don't want to dwell any further on that, was Government's lack of commitment in giving financial support to the recommendations in order to have these projects and have this policy enhanced so that these policies could be put into action. But the other thing was, of course, that there was a lack of decisiveness on the part of the Government because Gibraltar has been geared to a defence economy and everybody in Gibraltar has defended a defence economy. It was our main livelihood and tourism took a very small part in that. But the radical change that it brought with the closure of the dockyard, Mr Speaker, which was fought tooth and nail by the Trade Union Movement, all of a sudden we had to adapt to one of making tourism a mainstay of the economy but, of course, the problem was that Gibraltarians from top to bottom are very conservative in their will to change and if there is a conservative view as to change, then the Government has to make decisions and say: "I have decided as the Government that what is needed for Gibraltar, taking into account everybody's view, is that we have got to do a, b, c, d, e and f". But what happened was that because there were so many different views Government got swamped, it became inactive, it became frustrated, Mr Speaker, and the result is that if you look at all these meetings very little of substance has been done and that is where the Minister for Tourism has failed in his tourist policy. Because it isn't the Tourist Office that brings tourists from UK, it is the private sector. What Government can do is support that infrastructure, and it is a matter of policy, (a) by substantially investing in that infrastructure (b) by helping to generate extra beds in Gibraltar, by even taking up the policy of saying: "If the private sector because they have a vested interest are not prepared to have more hotels, well, as a matter of Government policy we will begin to joint venture to construct hotels in Gibraltar, if that is what is needed". Because that did not happen we have a major problem that we have in Gibraltar only 1,400 beds. And when we talk about tourism and long stay we have to accept that we are in a very small league in Gibraltar, we have only got 1,400 beds although at one time the official figures showed 1,800, I think they were inaccurate and we are talking about 1,400 beds. When we talk about Thomsons and when we talk about Intasun and keeping them here it must be on the basis that Gibraltar is going to expand at some time or other because 1,400 beds for Intasun and Thomsons is only a couple of small hotels up the Coast. If we are going to have that type of operation in Gibraltar we need loads of beds to keep them here otherwise their operation is not viable. The only reason that Thomsons and Intasun have stayed in Gibraltar up to now is that they are pushing more traffic across the border than they are keeping in Gibraltar and that is the vested interest that they have got at this point in time. The problem also, and I haven't heard the Minister say anything in that respect but it is perhaps something that I may know and, perhaps, the Minister knows or feels

he shouldn't say anything about it, Mr Speaker, and that is that because the overall political situation insofar as the Brussels Agreement is concerned has not improved, insofar as cooperation with Spain has not improved, that there is pressure politically that why should these people be coming to Gibraltar and helping Gibraltar out when there is so much vested interest on that side and so much pressure can be put on that side on these operators to move away from Gibraltar and it has happened. These are things that one has to look at and judge and the answers are not easy and the policies which need to be pursued are not easy. But what we cannot have, Mr Speaker, is the Government talking about having a tourist policy when, in fact, they have no tourist policy, none at all. In fact, it just came to mind when I was talking about people going across the frontier, that the situation is so ludicrous that the Hon Minister for Tourism just prior to the frontier opening was arguing at one time in favour of Air Europe getting its licence. Then when the Civil Aviation Authority refused the licence but did not refuse the licence to operate from Gibraltar to Manchester and because Air Europe were not able to make a viable proposition just travelling to Manchester at that point in time, when the application came up again the Minister was violently opposing that Air Europe should get it because they didn't put the Manchester operation into being. Just an example of the shifting and changing on the part of the Minister for Tourism. What has been so far, Mr Speaker, the response by Government to tourism in the last four years? They appointed a person who was described, Mr Speaker, as experience behind him, and appointed him Director of Tourism, Mr Colin Jones. We will never learn why Mr Jones left, the official release was for personal reasons but the fact is that no sooner had they appointed a Director of Tourism than that Director of Tourism leaves his job.

HON A J CANEPA:

He was useless.

HON M A FEETHAM:

He was useless, I am told. Well, if he was useless, Mr Speaker, they appointed him. Who is more useless, the appointee or the appointer? I don't know.

HON A J CANEPA:

If the Hon Member will give way. The Public Service Commission appointed him.

MR SPEAKER:

Order.

HON M A FEETHAM:

I am not giving way, Mr Speaker, he can sit there and he can answer me when he speaks later. The thing is, Mr Speaker, that that happened and his philosophy was and I never saw once the Minister for Tourism who cares so much about tourism and I have no doubt to believe he does, I am arguing about his policy, never once did I hear the Minister for Tourism object to the statements that that Director of Tourism was making during his short term in office. And his philosophy was Gibraltar needs the mass market tourism, that was his philosophy. We need to get as many beds filled up with mass market and for a short period of time that appeared to be the policy of the Government because that is what the Director of Tourism was saying, Mr Speaker, so one has to judge that if we have a top civil servant in office saying in meetings and in public that that is the philosophy that he is advising Government on, one would expect that unless he is contradicted that that is the policy of the Government. Of course, it was the wrong policy because there is no way, Mr Speaker, that Gibraltar can entertain at this point in time a mass market approach to its hotel problem with 1,400 beds. Whether that was the reason why the man had his service terminated or not, I don't know, but the fact was that at no time did the Minister at all say that that was not his policy neither did the Minister, in fairness to this House, give any indication of what his policy was. For the first time, Mr Speaker, we got an indication of what Government's policies were and I think despite all the criticisms aimed at this side of the House, Mr Speaker, about not giving credit where credit was due, I was one of those that stood up and welcomed the Minister's policy statement that he made at the time or gave some indication of policy when he started talking for the first time in this House about projections which is all that we are asking for, which is all that the people of Gibraltar can judge Government's on. It is not about coming here and attacking the Opposition, it is about saying 'We intend to have 100% bed occupancy in Gibraltar because we intend by year three having 3,000 beds in Gibraltar and that this will bring to Gibraltar £15m a year in expenditure from people staying in Gibraltar'. That is the sort of thing that one can judge upon whether Government policy has failed or otherwise, never ever have we had that. The first indication was in the 1986 Budget that Government were, in fact, thinking about that. I don't know whether it was as a consequence that we also had a change in the Director of Tourism or not because when the new Director of Tourism came into the scene he was projected as a man of action, a man of action was what the Chronicle said. The Chronicle is entitled to judge a person and that is what he was judged to be. He said that Government had to work on overall plans, overall plans he was talking about, something that one can begin to understand when we talk about overall planning because he is telling people 'This is what we feel politically and we will stand up and be judged, these are the plans that we want for tourism'. He started talking about overall plans and then we had the Minister coming to the House and talking about

projections. And he was talking about short-term and long-term policies and that such a plan must be worked out with the Consultative bodies, that is to say, with the trade. And that, contrary to what the previous Director of Tourism had said during the term of this present Government, he said we had to go for upgrade market not mass market and that we couldn't afford to be overrun by the Costa fashion tourism and that what was needed were decisions. And I thought to myself and I am sure my colleagues on this side of the House thought 'Here we are, we are beginning at long last to get somewhere, at least we are going to have a basis for discussion for the next two years'. But the reality is that everything that has been said by anybody on that side on tourism has not materialised and it is no good apportioning blame on everybody except the Government because the Government is the one that is supposed to be spearheading the revival of tourism on the Rock and what has been happening is that instead of the policy pre-1984 where the Government said that they were going to build tourism in itself and whatever happened after the frontier opening was a bonus, what has happened, in fact, is that they are living off excursionists and everything else, I am afraid, is not on target and is not likely to be on target until you get your act together and until you have a more coherent policy. Mr Speaker, the amazing thing about all this is, of course, that Government has spent quite a lot of money on consultancies and a lot of what is happening today, in fact, a lot of the targets which have been reached today have been forecast in the past and Government have not made any attempt at all to use them as part of their planning, as part of their projections. Admittedly, the Consultancy's Report which has had some bearing on tourism in itself over-estimated the impact of the frontier opening as far as Gibraltar was concerned. In fact, they were talking of the lower band projections insofar as expenditure was concerned, they were talking about £16m estimated to be spent in Gibraltar as a result of cross frontier flow excluding hotel occupancy. I am talking about excluding people coming in other than through the frontier, on the lower band, and £35m on the higher band. Of course, figures today show that we haven't even reached the lower band. But they had some projections there which would have allowed them to work and which would have allowed them to plan and they have made no use of them at all. Their approach and their philosophy, Mr Speaker, is to react to crises, to react to problems. It isn't one of leading and getting the problem by the scuff of the neck and trying to settle it, no, it is patching up, it always has been. It has been characteristic of the Hon the Chief Minister to patch up problems as he goes along and he has been very successful at it, he has been in office for a very long time. But it catches up with the Government, Mr Speaker, somewhere along the line and it has caught up with him at long last. The problem is that Gibraltar's economic situation today is very precarious because as the policy begins to fail and it is failing on tourism and the demand and the reliance is on cross frontier for shopping, and the other

side, the long stay, has gone down and it hasn't improved, the problem is that because with the continued development of the economy in Spain and with Spanish entry into the European Community, we are going to be less competitive and the appeal to shop in Gibraltar will dwindle. I am not saying it will dwindle tomorrow or next year but it will begin to dwindle in the near future, in the next two or three years and that, Mr Speaker, as I am reminded by my colleague and Leader, is what the consultants said would happen. What will happen then is that instead of having been aggressive in these four years and gaining the confidence of everybody and making decisions, you have failed to do so, so we are left with two legs of the tourist infrastructure in a very weak state. And one has to see now the development at Sotogrande which is a mere sign of things to come and already distributors and retailers in Gibraltar are seeing how their input will in future have to come from Spain into Gibraltar rather than from UK because they are appointing agents in Spain that will be responsible also for the outlets in Gibraltar, they are beginning to see that Gibraltar's aspiration as a shopping centre is beginning to be under threat. I would have thought that the Minister who is entitled, obviously, to defend himself, should have spent more time in defending his policies, in defending the impact of his policies on Gibraltar, in putting over to the House what impact it will also have on the rest of Gibraltar, on the consumers insofar as the infrastructure is concerned which we have to pay for as well and then say to my colleague, the Hon Mr Pilcher: "You have got it wrong because if we look and we add up all the pros of our tourist policies and all the disadvantages and all the cost to the people of Gibraltar, it shows that we are better off", then we have got no argument and the Government's tourist policy whether it has gone far enough or not at least it would have advanced. But he hasn't said anything like that, all he has done is criticising us and say that we have no love for tourism. Of course, that is a fallacy, Mr Speaker. I am going to finish by saying why it is a fallacy. People on this side of the House, Mr Speaker, have been very much involved in the struggles of the labour movement in Gibraltar and we have been very much involved in defending working class interests on the Rock. And there was no way this side of the House were going to pursue a policy of telling the British Government from 1979 or even prior to that, in 1972, that the people of Gibraltar were now prepared to have a Dockyard closure because tourism was the way ahead. At the time the Hon Minister for Tourism, Mr Serfaty, was saying 'we have got to pursue tourism'. It is like everything else. Mr Seruya was talking about regional cooperation in 1970/72 but he was out of touch with the realities at the time. Tourism for us has had to wait its moment, its had to wait a time. The Dockyard problem was much greater and the alternative economic problems to a Dockyard closure and the future of Gibraltar were more important and the tourist policy, as far as we are concerned, has a part to play and will have a part to play predominantly as has the Finance Centre which I just want to round up with. It is strange that the Minister for Economic Development....

MR SPEAKER:

With respect, we are not going to talk about the Finance Centre on a vote of censure against the Government on tourism.

HON M A FEETHAM:

It has an off-spin.

MR SPEAKER:

It may have an off-spin but not to the extent that you wish. We are on another subject.

HON M A FEETHAM:

Mr Speaker, having so ably cut me short by a couple of minutes, I don't think I have got anything more to say except that if an Opposition party feels that after four years a particular policy of Government has failed or hasn't materialised or hasn't produced the goods, I think it is about the right time at the end of the term of office of the Government to come up and say so and have an aggressive debate on it, it is nothing abnormal at all. I would remind the Minister that for the very short-term that they were in Opposition when we had an IWP Government, I looked through my scrap book because I am one of these people that likes to keep a scrap book of political activities in Gibraltar, I can get you something back from up to 1961. I can show you headlines page after page after page of the Gibraltar Post or of the Gibraltar Chronicle when that AACR Opposition sided continuously with the Trade Union Movement against the IWP and nobody said anything about it. It is nothing new. You still had some very strong working class roots at the time in the party. I am sorry to say you don't appear to have it any more, Mr Speaker.

HON A J CANEPA:

I think it is a pity, Mr Speaker, that my colleague, the Hon Mr Zammit, didn't conclude his contribution at 12.30 this morning when perhaps Mr Feetham, not having had the benefit of two hours in between to prepare himself for his speech this afternoon might have limited himself to, perhaps, half an hour and we would have been spared fifty minutes, most of it sheer arrant nonsense. There are some things that Mr Feetham really has to learn about, Mr Speaker, and perhaps the hard way. Some of the things that he has said about the opening of the frontier and the effect that that has had or the effect that he assumed it was going to have is really incredible. But before I turn to that, there are one or two factual things that I have to correct him about. The politicians in the Government of Gibraltar do not appoint civil servants and therefore those of us who are sitting

here today did not appoint Mr Colin Jones as Director of Tourism. Mr Colin Jones was appointed by the Public Service Commission following some members of the Public Service Commission going to London to interview applicants for the job.

HON J BOSSANO:

If the Hon Member will give way. For example, the Government had somebody that visited Gibraltar recently who had applied and had been more or less selected or offered the job of Hospital General Manager. Hasn't the political Government had any influence on the decision?

HON A J CANEPA:

No, none whatsoever. In fact, the constitutional position is that any officer in the senior grade when promoted, the only requirement is that the Governor before accepting the recommendation of the Public Service Commission should consult the Chief Minister about that appointment. The exercise of consultation, what it constitutes really, is a power of veto, not the exercise of selection but the Chief Minister in being consulted has the right to say whether he has got any objections to that appointment because he could, for a variety of reasons, that is all. The pity of it is, Mr Speaker, in my view, that it took eighteen months to get rid of Mr Colin Jones. We ought to have been able to get rid of him within six months because by then there were umpteen reasons, there wasn't one single reason why Mr Colin Jones was sacked there were reasons as long as your arm and I remember getting together with Mr Zammit and going over the material that we jointly passed on to the right quarters so that the matter would be considered about twelve months later and it run to seventeen or eighteen items, four or five of which were what I would term major items as to why Mr Colin Jones should be sacked including implementing administratively decisions against the Minister's policy. That is quite serious but it had to do with, you name it, and it was amongst the seventeen or eighteen items. But as I say, it ought to have happened twelve months previously and in all he was Director of Tourism for eighteen months, far too long a period and I think that it is bad that the administrative procedures should be so slow that it can take so long for someone to be sacked, particularly someone who has been appointed on a short-term contract because when somebody is promoted through the ranks, as it were, and has twenty or thirty years service that is not easy but in the case of somebody who is brought here on a two or three-year contract it should be much easier to terminate that appointment without having to go through the upheaval and the efforts that we had to go to secure the termination of employment. Mr Feetham said that we in the Government caved in to the Brussels Agreement. We entered a reservation on the discussion of sovereignty, certainly, of course, in keeping with reservations entered previously such as at the time of the Lisbon Agreement some

years previously. But we didn't cave in on anything and what advance implementation of EEC rights to the Spaniards did was to bring about an opening of the frontier on a sensible, reasonable basis and that after bellyaching for fifteen years that the frontier was closed because we never accepted, on grounds of common humanity and natural justice, that the frontier should have been closed or has the Hon Member forgotten all the campaigns that we carried out with the European Movement and so on, so we bellyached about it and at the time because of the damaging effect of the partial opening of the frontier, the business community in Gibraltar, the economy was on the point of collapse and the Government had to hurry and the Government had to have vision and foresight particularly with the hotel industry and the hotel industry today provides a product which is a vastly improved product because we nursed it during the difficult years when they were on the point of collapse when some hotels owed the Government hundreds of thousands of pounds in municipal charges and we nurtured them and carried them along in the hope that with normality at the frontier they would be able to turn their financial situation around in the way that they have and be able to get the loans from the banks that they have been able to get to be able to refurbish the hotels, in some cases, I would say, in the dramatic fashion in which it has been done and the policies of the Government have also assisted them in respect of development aid licence at the time when they were required. In fact, one of the amendments that I brought to the House to the Development Aid Ordinance meant that hotels were able to borrow on the medium term, get medium term loans between five and seven year loans from local banks which had not been the case previously. I think we were far-sighted and we were sensible at the time and had we not adopted that policy then the hotel industry would have collapsed, there would have been a major loss of confidence and hundreds of jobs directly and indirectly would have been lost. But the arrant nonsense I think Mr Feetham in respect to the opening of the frontier and the effects, I think is underlined by page 69 of Hansard of October, 1984, where Mr Feetham says: "The wholesale and retail trade figures reflect to a degree our view that the full opening of the frontier will cut even further into our job opportunities, particularly in the areas where it will not be possible to compete fairly with services coming in from across the frontier, primarily due to the two differently orientated economies from which we have obtained no derogation or special terms under the EEC particularly in the light of Spanish entry. Every indication we have, on this side" - on the Opposition side, the economic experts across the way there - "is that in fact, the situation is going to get worse and, at best, no better" - October, 1984. October, 1987, we see the publication of the Employment Survey for April 1987 and what Mr Feetham says is proved to be sheer unadulterated nonsense. Industrial action, Mr Speaker. Mr Feetham had a lot to say about the state of industrial relations and I agree with Mr Zammit in this sense, that this motion today is not an isolated occurrence, it is part of a pattern, of a campaign because we have had election mania for most of 1987.

HON J BOSSANO:

Since January the 1st.

HON A J CANEPA:

Since January, 1987, and the attack overtly, openly, has concentrated on the two pillars of the economy and more surreptitiously on the Finance Centre and we have been to town on Shiprepair, we are now going to town on tourism and if you will allow me, Mr Speaker, only to the extent that I am answering - and that is all I will have to say about the Finance Centre - a point made in his opening contribution by the Hon Mr Pilcher when he said that Government had done nothing at all to encourage the development of the Finance Centre. That is nonsense. When the Defence White Paper of November, 1981, announced the closure of the Dockyard we engaged a consultancy on the diversification of the economy and the emphasis that there was in this consultancy on the Finance Centre was of some significance. So in 1982 we saw the need to diversify the economy, we saw the need not to put all the eggs in one or two baskets and we could see the potential which the Finance Centre had. So already we were working in that direction, of course, what has happened is that since the frontier opened in February, 1985, the opportunities that have presented themselves have been beyond the expectations even of the experts in those days when they only thought, as Hon Members must have heard me say before, that this area of the economy would make a significant contribution. Today I think the figures prove that it is not making a significant contribution, it is the greatest growth area that there is in the economy and it is beginning to make a major contribution. Mr Peetham says that the blame for the state of affairs on industrial relations which has a detrimental effect unquestionably on the tourist product that we are trying to sell, lies in the Government's attitude to industrial relations since 1972. Of course, since 1972 the Government has had tens if not hundreds of industrial disputes but are we on this side, since we disaffiliated the TGWU and they campaigned for the IWP in 1972, have we become so anti-union - and we haven't yet got around to legislating, we haven't got around to introducing any Thatcherite measures - have we become so anti-union that we have deliberately sought one confrontation after another with the TGWU? And we are the worst employers that there are in Gibraltar and the Ministry of Defence who have been our partners for very many years in the Joint Industrial Council and the PSA, there is no problem there. And we have the telephone trunk operators off pay or as the Hon Members opposite will no doubt or as Mr Netto will put it, locked out for twelve months and two days over an issue of what, of cutting down on the number of people employed by natural wastage, even by redundancy if you like, of one or two people and yet the Blands Shiprepair Yard closes down and no demand for redundancy payments, the Mons Calpe closes down and nothing happens, the union seems to take it in its stride

but let the Gibraltar Government try to make one person redundant, my goodness, there is hell to pay. Or Gibraltar Shiprepair because the Government are the owners and, again, industrial action immediately. So is it just our political colouring, is it just our approach or is there perhaps more to it than that? In June, 1986, Mr Speaker, I led a joint delegation of the Government and people in the private sector working in the shipping industry to the Poseidonia Shipping Exhibition to project Gibraltar and one of the matters which the private sector were projecting was the question of attracting cruise liners to Gibraltar. Hardly had we returned when cruise liners were being turned away galore unnecessarily and yachts were being turned away. Yachts were approaching the Yacht Reporting Berth and they were being waved away and that had a damaging effect on the whole of the tourist industry, it affected the pockets of the taxi drivers, it affected business in Main Street, it affected the restaurants and here you have a group of people, I think it cost the Government £8,000 to get a team together to Poseidonia and the private sector contributed a vastly bigger sum than that, here you have people with goodwill making the effort of trying to attract business to Gibraltar and no sooner do they return that something like this happens. Is it necessary that it should happen like that? Was everything that could be done in the negotiating process seen to? No. The problem is that there is a far too rapid resort to industrial action and we know and the Hon Mr Bossano in his other capacity, as a matter of policy the TGWU are not particularly enamoured of arbitration, certainly not binding arbitration. And if the Government is to blame for the attitude that it has towards industrial relations and Mr Zammitt spared us a list of seventeen or eighteen instances that he has of industrial action that has affected the essential services and therefore affected the tourist industry. Can we say that the events of last Friday are, in what category are they? A deliberate provocation by an anti-trade union Government on the people in the Generating Station or was it that having heard in the news about the storms in the United Kingdom that morning with widespread power cuts, the storm troopers of the Generating Station out of a sense of solidarity, perhaps, or in sympathy with the poor suffering people in Britain decided to administer yet another dose of the same medicine on residents, visitors and tourists alike? It was only the latest in a long instalment, in a long tale of industrial action affecting the essential services and, therefore, the tourist industry and, therefore, the product that Mr Pilcher has spoken about and about which he has criticised the Government as not having tried to do enough. Insofar as last Friday is concerned, let me make it clear that management was not to blame and the Government was not to blame.

HON J BOSSANO:

Or the union.

HON A J CANEPA:

Blame should be put squarely on the shoulders of the men.
I read the minutes.....

MR SPEAKER:

Let us not get involved. One can refer to what has happened and how it affects the tourist industry.

HON A J CANEPA:

I won't get involved in the merits of the dispute, Sir, but I will say this, that what happened last Friday and what has happened on many other occasions.....

HON J BOSSANO:

Not true, it never happened before.

HON A J CANEPA:

In respect of industrial action affecting the essential services and the tourist industry often is due to the fact that the union appears to have lost control over the men. That the men take the initiative and then the union, after the event, nineteen times out of twenty and last Friday was the exception, it was the twentieth, endorses that and accepts that that action is official and if anybody thinks that matters are going to improve if Hon Members opposite come into power after the General Election, they had better think again. The GSLP will not be able to deliver in spite of all its sense of identity with the Trade Union Movement, yes, there will be a honeymoon period of six to nine months but after that the aspirations of the members of the TGWU which have been raised so high for so many years will come to the fore and they will tell Mr Bossano: "Well, now that you are Chief Minister we expect you to deliver. You are one of us, you are a socialist, you are one of the boys. You put on a blue overall and come down to the shopfloor".

HON J BOSSANO:

Blue is GSL, a green overall.

HON A J CANEPA:

"We expect you to deliver". And when they don't meet their demands because they won't be able to, then chaos will ensue and the chaos that will ensue will put the events of 1972, the events then will appear to be like a children's tea party compared to what we are going to see. In the medium and in the long-term there will be serious industrial strife. I wonder whether the kind of reaction which we would then get from Hon Members opposite will be.....

MR SPEAKER:

No, with respect, let us get back to the motion.

HON A J CANEPA:

Mr Speaker, we don't seem to be able to make sufficient progress in promoting Gibraltar as a tourist - to quote the words from the motion - "a tourist resort of international repute" because for the last four years, in particular, there has been a deliberate, an orchestrated campaign to thwart us and thereby to discredit us. This censure motion is the logical and final act to thwart us and to discredit us. It is the final act in a campaign just a few months before the General Election and it has all been the work of Hon Members opposite and if it hasn't, this campaign has been left either to their henchmen and/or henchwomen.

HON J BOSSANO:

Mr Speaker, if that is the view of the world not just of the Hon Member opposite and I am not surprised if it is because I have heard him say things like that since 1972. Shortly after the 1972 election, when the AACR took over the running of Gibraltar, regrettably for all of us who have had to suffer from it ever since, Gibraltar was plunged into a general strike and the Hon Member went like Krushchev in the United Nations, almost banging his shoe on the table on television and said the Government was not going to be brought down by the unions and that it was clearly a concerted campaign to bring them down. That was in 1972. In 1987 he is saying the same thing and they are all there banging the table around. There is no hope for them. How can he tell us one minute that the honeymoon period with us is going to last six months and that we are going to be facing the same problems as they do of people's aspirations exceeding what is possible, and he has hardly finished saying that and he turns round and says that we are the ones responsible for engineering the whole thing, in the same breath. What is it that when we are in Government and they are in Opposition he is going to go around organising trouble for the Government? I propose to answer, Mr Speaker, the points that he has made which deserve logical answers and I propose to leave the last bit which he has introduced which is, it is incredible but it is, in fact, regrettable that he should have made that last point because I think, on the whole, there are arguments that he put forward which were sensible arguments and where we disagree it is important to show him why we disagree. We have been told a number of conflicting things so far by the two speakers on the Government side. We have been told that there isn't a crisis in tourism, that tourism is being successful. How could we be responsible for thwarting something that is succeeding?

HON CHIEF MINISTER:

It could have been more successful.

HON J BOSSANO:

It could be even more successful than it is already, I see.

HON H J ZAMMITT:

Mr Speaker, if the Hon Member will give way I will clarify. If cruise liners plan against tremendous competition in the Mediterranean, years ahead, plan a cruise and Gibraltar is on it, they will think twice about coming to Gibraltar if, in fact, they have suspicion that on arrival they are going to be turned away. Let's be quite honest about that, Mr Speaker, and let's be quite reasonable about the expansion of what tourism, as I said this morning, of what it ought to be. The same thing happens with tour operators.

MR SPEAKER:

Fair enough, you have made the point. Please do not give way to anyone else, Mr Bossano.

HON J BOSSANO:

I don't like saying no, Mr Speaker. I was going to deal with the question of the liners and I am glad that the Hon Mr Canepa made the point that they went over to Poseidonia and no sooner were they back that there was a dispute. I have, of course, the press report of the situation to which he is referring and I am glad that he has brought it out, Mr Speaker. It says here that the industrial action was taken because the Government had rejected a claim from the Port Department for £522 allowance and made an offer of £520. The dispute was over £2 a year. Does the Hon Member honestly think that a GSIIP Government will be incapable of meeting the aspirations of the people of £2 a year?

HON CHIEF MINISTER:

That is about the only one you will be able to do.

HON J BOSSANO:

I suppose when I inherit the mess he has left and I discover the debts I am left with, he has possibly got privy knowledge that I don't have that I am going to find it impossible even to find £2. I have no doubt if he could take it home with him he would, Mr Speaker. But the point is that within the approach, if the approach is that the Government is beleaguered and alone and ill treated by the Trade Union Movement whereas everybody else gets very nice treatment

then, obviously, that colours their bunker mentality, they are paranoid about the thing and because they are paranoid they don't respond like intelligent people and that is part of their problem and it is not a problem that I think we will inherit from them because what we see is that there are situations of dispute in the Government which are avoidable and that the Government, for reasons we cannot explain, seems to spend hundreds of thousands of pounds in denying things when it would cost less to say yes. We don't know why they do it but they do it constantly, year after year. They started doing it in 1972 when they said there was no money to pay more than 40p and then when Mr Mackay had gone they blamed Mr Mackay and they said they had been ill advised by Mr Mackay. They fought parity for four years and then afterwards they recognised it had been a good thing. A couple of years after achieving parity they were saying that it brought in a period of industrial peace because we avoided strikes involving the whole of Gibraltar every year at biennial reviews. I have heard the Hon Member saying that on many occasions in many forums. He said it in the EEC when we went to see Signor Natali, he said: "We want to do something about controlling the flood of Spanish workers because we don't want to break with the system of good industrial relations we have got". That is what he told the President of the European Parliament or whoever it was, we saw Signor Natali, the Commissioner. Hon Members opposite seem to forget that we haven't been hustling them on the tourist field, we haven't changed our minds about tourism, we haven't become suddenly overnight converts that tourism is going to be as Mr Zammit has claimed on more than one occasion; the single most important pillar of the economy, we don't talk about pillars of the economy, we have never heard that kind of jargon anywhere except in the propaganda of the AACR. We think that there are sectors in the economy which ought to be inter-related but there has to be an approach to tourism which I was asking the Government to adopt in the early 1970's. When the Hon Mr Serfaty was in this House and Minister for Tourism, I asked him whether they had conducted a cost benefit analysis, he didn't know what I was talking about. One of the things that you do if you decide to support a particular sector is that you decide that if you devote resources to that sector you make more money that way than some other way. They don't seem to understand even that, that putting money in one area means not putting it in another area, there is an opportunity cost and therefore you decide that you want to promote tourism not because we like tourists but because we decide that is the most profitable thing to do with our land and with our labour which are the two resources we have got. The Government got themselves hooked on this business of tourism when the Hon and Learned the Chief Minister made that speech in the Institute of Economic Affairs in November, 1983, that was the first time they said: "We are going to give emphasis to tourism and the future for Gibraltar is that it is now moving out of being dependent on defence spending and it is going to be self sufficient on two pillars: repairing commercial ships" - which hasn't yet happened, they have been repairing RFA'S until now, and

now the RFA's are finished they are in trouble and everybody knows that that is true, it is not something we have invented and people were tell them that before they decided to go into it and the other pillar was that Gibraltar was going to be converted into a major international resort of international repute with a closed frontier. That is what the Chief Minister said in London in November, 1983. He said: "With a closed frontier we are going to do this". They fought the election on that ticket and they got elected on it and it is perfectly reasonable that when they are about to finish their term of office we should examine their record on what they claim they were going to do, on a commercial shipyard and on tourism. That is not thwarting the Government, being irresponsible or being nasty to them, that is doing our job. Independent of the importance we may attach to repairing commercial ships or to developing tourism, we are not elected in this House, Mr Speaker, to tell the Government what their policy should be on tourism. We are elected in this House to monitor their progress in doing what they claim they were going to do and we have waited until the very last minute, we have given them every chance to do it and now we are monitoring it and what do we find when we monitor it? That they come up with this, first of all, conflicting analysis, it is not true there isn't a crisis in tourism, the tourist industry is doing very well and it is the fault of the unions, the GSLP and Colin Jones that it is doing only as well as it is. If it wasn't for the combined plot of Colin Jones, the GSLP and the unions we would then instead of having three million day visitors a year we would have six million day visitors a year and then we would be totally incapable of moving in the place, obviously. But the Government never pretended in 1983 that the Gibraltar economy was going to take off because the frontier was going to open. In 1983 they went to an election without the Brussels Agreement, that came later. Therefore when we look at what was happening in 1984 it is the first time we are seeing what success they are having in implementing the Pitaluga Report before the impact of the open frontier and, presumably, Colin Jones was selected as part of the recommendations of the Pitaluga Report to bring somebody with expertise from UK for the UK tourist market. That is why the man was selected, he might have been completely useless for the Andalucian market but he wasn't being recruited for the Andalucian market, he was being recruited for the UK market and, apparently, he was failing in his job although he was being defended assiduously while he was doing it. We always find out how bad the people are after they have left. I often told Brian Traynor that we will discover how bad he was as the Financial Secretary after he has retired like we have done with every predecessor he has had. Britain Abbott the same, the Government defended Abbott publicly tooth and nail while he was here.

HON CHIEF MINISTER:

Nobody defended him.

HON J BOSSANO:

Publicly they did, privately they might have had quarrels with him but they didn't do it publicly. Publicly they were saying he wasn't being allowed to manage by the unions, that is what they were saying publicly. What happened in 1984? According to the Hon Member the only thing that happened in 1984 was the excursionists from Morocco, that is the explanation for 1984. Well, that is not what his survey says.

HON H J ZAMMITT:

It does.

HON J BOSSANO:

No, it doesn't. It says, visitor arrivals in hotels, expenditure down. It says that visitors from yachts, expenditure down. It says that visitors in supplementary accommodation, expenditure down. It says in-transit visitors, expenditure down. And it says excursionists from Spain, expenditure down. It says that every kind of visitor including the excursionists from Morocco, were down. The Moroccan expenditure was down from £3m to £1m, £1m, but the total expenditure was down by £2m so, in fact, there was still other expenditure down. It was not just that. The drop in guest nights sold in 1985 that the motion refers to has nothing to do with the Port industrial action over £2 a year and the liners not coming in because liners don't buy guest nights, they sleep on the ship so that is not the explanation for the drop in guest nights sold. The explanation can only be that if the number of people arriving in hotels is up and the number of beds sold is down, it must mean that people are staying less long in hotels. Since we assume that the package tours to some extent haven't changed all that much in their length of stay, it means that a bigger proportion of the people staying are the people who are overnighing in Gibraltar because they come in and instead of coming in and going out on the same day they stay overnight. That might make the hotels better off because they pay more money and they may want that kind of traffic rather than the package. But the point is that we are not judging the hotels, Mr Speaker, we are judging the success of the Government's policy which has been defended here. If the Government had come along in 1985 and said to us: "The Pitaluga Report and the statement we made before the election was made in different circumstances. The policy of the Government was this with a closed frontier but we are now changing the policy with an open frontier and we now think that it is a waste of money to carry on the thrust of bringing package tours to Gibraltar because that is not the best kind of tourism Gibraltar needs". We would then be looking at what their new policy was and judging that but they haven't announced a change of policy. As recently as this Budget the Minister for Tourism was still defending the policy of getting people to stay in Gibraltar as a resort and have it as a tourist destination where people come and stay.

HON H J RAMMITT:

Two-centre.

HON J BOSSANO:

Yes, alright, two-centre or whatever it is. That is the focus that we are looking at. Our information from the people in the trade is that that is not working. It is true to say, as the Hon Member has said, that an important part of the criticism of the people who come to visit Gibraltar is the state of the place and part of the state of the place may be linked with industrial disputes and that is what the people who are here complain about also. You don't have to ask the tourists to find that out. But what the Hon Member cannot say is why was there wood all over Gibraltar? Because his Government didn't let people take the wood to the refuse incinerator, doesn't he know that? Doesn't he know that people were prohibited by the Government in a Government official press release saying: "You cannot take wood to the incinerator". How can he mention a thing like that and not know what happened then and since? I will tell him, Mr Speaker, if you will allow me, I think you ought to because if a statement.....

MR SPEAKER:

With respect, I have allowed you to answer the point. He spoke about the wood and you have told him the reason why they had done it.

HON J BOSSANO:

Yes, but the reason why the Government didn't allow anybody to put it in the incinerator was because they had taken off pay the two men employed to burn it.

HON CHIEF MINISTER:

And why were they taken off pay?

HON J BOSSANO:

Because they were claiming Band A which the Government has agreed to give them retrospectively.

MR SPEAKER:

Order, you will continue your contribution on tourism.

HON J BOSSANO:

Mr Speaker, the Hon and Learned the Chief Minister says why? Does he know.....

MR SPEAKER:

I have called him to order.

HON J BOSSANO:

Yes, I know, but does he know that the Government had agreed to what the thing was in dispute and that they have given it backdated to February, 1986? The dispute was unnecessary.

MR SPEAKER:

Order, I will not allow any more reference.

HON J BOSSANO:

Here we have a situation, Mr Speaker, where we were talking about £500 a year which has now been met by the Government backdated. The other one was £2 a year.

HON CHIEF MINISTER:

And a £6m generator standing there for eighteen months.

MR SPEAKER:

Order.

HON J BOSSANO:

I will tell him about that too.

MR SPEAKER:

No, you will not, order. You will talk about tourism.

HON J BOSSANO:

Mr Speaker, I am quite happy, if that is what the Government wants, to have a debate on all these things any time they want. I am here to talk about tourism but it is that side that keeps on raising this as the reason why they are not successful except that they are successful. If they are successful and they are happy that there isn't a crisis and that tourism is performing satisfactorily and that the money is coming in, then why do they keep on trying to bring all these reasons into it? They should say 'the Opposition is wrong, we don't have a crisis, we reject the motion because there isn't a crisis'. If they are saying yes there is a crisis, that the crisis is because the liners don't come and the liners don't come because there was a dispute, then you have to find out that the dispute was about £2 a year. You cannot just say that and leave it in the air because then that is, in fact, given on a motion on tourism an.....

MR SPEAKER:

With respect, you can refer to industrial disputes as it affects tourism. We will not discuss the merits of the dispute, we cannot under any circumstances.

HON J BOSSANO:

Mr Speaker, if we cannot discuss the merits then, in fact, what will happen is that the Government will be allowed to get away with giving the impression to Gibraltar that there are no merits to be discussed because they are saying people are doing this and nobody is being allowed to say why people are doing it and I am quite happy to give them an explanation on any one that they want here or outside or any time. I think if the Hon and Learned the Chief Minister had the honesty to go through these things in detail then perhaps he might be convinced and we wouldn't have to argue about it here because I find their performance quite extraordinary, it really baffles me and the reason, if the Hon Mr Canepa wants to know why it doesn't happen in the MOD, because the MOD don't put people off pay at the drop of a hat, that is why it doesn't happen in the MOD.

HON CHIEF MINISTER:

Oh, come on.

HON J BOSSANO:

Well, I can provide the Hon and Learned Member with documented evidence of identical situations in the two employers. Doesn't the Hon Member remember that he had a confidential memo from Mr Joe Pitaluga telling him that he should go on the attack in February, 1985, of which I have got a copy?

MR SPEAKER:

Order, order, we will come back to the motion. That is the end of the matter, we will speak about tourism and nothing else and as it affects tourism.

HON J BOSSANO:

We'll see if the other side can keep to that as well, Mr Speaker. In 1985 and we are, of course, on this as on many other matters where we are seeking to carry out our job in the Opposition responsibly and monitoring the work of the Government which is what we said we would do when the House was declared open, there was a reference then to what the Opposition would do and I said, Mr Speaker, we wouldn't bring light matters here. We haven't brought censure motions every other House, we do it very rarely and we do it and we put questions that deal with facts. The facts are made available

to us by them. We have to assume that they are accurate or, at least, that they are not withholding information from us and therefore they are able to counter our arguments because they are privy to certain things that we don't have. We don't know what has happened in 1986 in tourism except what we hear people say in the industry because they haven't published what happened in 1986. They have published what has happened in 1985, I think it is scandalous that in October, 1987, we shouldn't know what tourists spent up to December, 1986, but we don't so we have to go by the last figures available to us and that shows eleven months of an open frontier and that shows the effect of that opening and the effect of the vehicular traffic, that is what that shows. To what extent that effect has been growing at the same rate in 1986 and in 1987 we cannot tell but the Hon Member invites us to look at the Employment Surveys, the Minister for Tourism. Has he looked at the Employment Surveys? If he wants us to look at it because he has looked at it because I have done what he told me. I asked the Usher to bring me a copy of the Employment Survey to find out what it was that the Minister wanted me to do and I look at it and according to his Employment Survey which he wants me to look at, employment in hotels and restaurants shows a decrease.

HON CHIEF MINISTER:

In 1985.

HON J BOSSANO:

The one that has been tabled in this House, yes. That is what it says, I hadn't looked at it until now but he has invited me to do it as evidence of the growth of tourism and I look at it and it says, "A number of industries showed a decrease in employment level. The most significant being shipbuilding" - which we all know about - and hotels and restaurants.

HON H J ZAMMITT:

What about the spin-off, if I may, Mr Speaker, if he will give way. What about the spin-off of the distributive trade? Tourism cannot be looked at just as a hotel business, there is a vast number of spin-offs too.

HON J BOSSANO:

Yes, I accept that that is the case but this is not evidence of an expanding tourist sector, a decline in hotels and restaurants, I would submit to the Hon Member. If he didn't know that he should have looked at it before inviting anybody else to look at it. If he knew that then he has to be able to tell me that he knows the spin-off and he doesn't know the spin-off, Mr Speaker, because we have asked him what

the spin-offs are and he has told us that until Dr Fletcher completes the Input/Output Study they don't know. He says the data of 1979 to 1981 is now out-of-date so there is no way of judging that spin-off, it is impossible to do it until we have information but it is quite obvious that the Hon Member hasn't got a clue because he went on television and he argued, whether he likes it or not, originally, that for every pound a tourist spent Government revenues went up £1.60 and then he corrected that subsequently to say he hadn't been talking about Government revenues, he had been talking about national income and in Question Time in this House we have asked about national income and the Financial and Development Secretary cleverly tried to wriggle out of it by saying he wasn't talking about the contribution to national income which is the question we asked, but the effect of national income or whatever, a totally new concept. If we say what proportion of national income is contributed by tourism and we get told 22% then the answer, as far as we are concerned, is that of the income earned by Gibraltar, 22% is generated by the expenditure of tourism. We then asked: "How do you arrive at that figure?" And it is a complete mystery. We said: "Is it the £21.11m of 1985?" And we were told in Question No. 2 of 1987: "Yes, that is right, that is what it is". We then said: "Well, if that is what it is in 1985, why is it that in 1984 tourist expenditure is £11.65m and the contribution to national income is £16m?" "Ah, well, then it isn't that". Why is it that the contribution is below the 1983 figure, above the 1984 figure and the same as the 1985 figure? That would show multipliers fluctuating wildly from one year to the next when there has been no analysis of that situation because the Input/Output Study was in 1979/80. That is what it appeared to be in 1985. In 1985 it appeared to be £21.11m and therefore that being seen as £22m which is not an unreasonable rounding off but without, of course, any multiplier effect. The tourist expenditure being seen. In 1984, the year before, the figure is 50% higher, that is, the £16m given as a contribution is 50% higher than the figure for tourist expenditure. Admittedly, the frontier opened in February, there were six weeks but unless the Hon Member can tell us how he computed that we find it very difficult, for example, having looked at the imports for those months, the imports for those six weeks were not 50% of the imports of the whole year. The imports were up in February and March but if you are saying that people spent £12m in a year and then the following year people spent £16m because of six weeks of frontier opening, then you are saying that the equivalent of six months of expenditure was spent in six weeks. Where is the evidence for that? And we believe it and therefore all we are trying to do is to be fair to the Hon Member and I think he recognised from the beginning that we were not holding him personally responsible for the effect of the tourist industry, we say it is Government policy and therefore he is answerable to this House on behalf of the Government on tourism. Tomorrow he could be given a different Ministry like he was doing housing for a number of years and somebody else could be

doing that, or the boot. No, I don't think he will be given the boot because it is quite obvious that there isn't a crisis in Shiprepair, there isn't a crisis in tourism and there isn't a crisis in the AACR, that is manifest. And if there were it would be the fault of Colin Jones, the GSLP and the unions. The point made by the Hon Mr Canepa coincides with our analysis of the kind of pressures that they were under and that is the point my colleague Mr Feetham was making about the situation in which they took a decision on the Brussels Agreement. The degree to which the economy was on the point of collapse in 1984 we don't know from the outside except belatedly when statistics come out a year or a year and a half later. It may well be that in Government and with the situation as bad as the Hon Mr Canepa claims, with the possibility of a major loss of confidence, with the possibility of closures of hotels, with the possibility of redundancies left, right and centre in the tourist industry in 1984, it may well be that we might have been frightened out of our wits and decided to accept the Brussels Agreement, I don't know. But what I know is that if those were the grim parameters within which a decision was taken then their tourist policy had definitely failed in 1984, I need no further evidence. The Hon Mr Canepa has given me the argument and the evidence that I needed to prove conclusively that Gibraltar was on the point of collapse in 1984, the Government had won an election in 1984, they did paint a very gloomy picture in the post-election budget of 1984 saying reserves were very low, it proved to be overgloomy, they tend to be overgloomy just after elections and overoptimistic just before for reasons that I haven't yet been able to work out. When my colleague was saying in October, 1984, the negative effect that the opening of the frontier would have it wasn't as a result of GSLP research or as a result of my producing a study, it was as a result of a consultancy financed by the Government of Gibraltar, conducted by PEIDA, accepted by the Government who in November shared this rather pessimistic view of the effect to the extent that they brought legislation to this House to allow the Government, for the first time in its history, to raise loan finance to cover anticipated deficits brought about by the expected frontier opening and that was defended by the Hon and Learned Member here who said that the Foreign and Commonwealth Office had condescended to allow this as temporary bridging finance - yes, it is all in Hansard, I cannot remember the page but I remember the words. He said they had condescended. I think it was in the Committee Stage of the Bill, the Loans Empowering Ordinance, November, 1984, I cannot remember the time of the day either. And he said they had condescended to do this, it wasn't something the Government was particularly keen to do but it was in the nature of bridging finance to get us over the immediate deficits we were going to have in 1985 and in 1986 because the initial opening of the frontier would put a bigger burden on Government revenues in terms of infrastructural cost than it would bring in in terms of visitors and spending power. That analysis, which we shared, was based on what the expert had said was going

to happen. It wasn't based on any original research of mine so therefore what the Hon Mr Canepa scoffed about my colleague saying in October, he can now scoff about his leader saying in November, they both said the same thing. Of course, it didn't happen the way it was thought it was going to happen and, clearly, one cannot entirely blame the experts in this particular field for getting it so wrong because, after all, it was really a shot in the dark. That is to say, who could tell exactly what was going to happen with an open frontier, whether we were going to have 100 coaches or 1,000 coaches, whether people were going to spend a lot of money or too little money, there was really no way, it was guesswork more than genuine economic forecasting but guesswork by people who were looking at comparative prices and comparative markets. Those people also said that even if the situation of tourist expenditure eventually, on balance, they produced three scenarios I seem to remember - a medium, a low level and a high level depending on the numbers involved and made several projections as to what the results would be with one of those three. The low level one was the one where the Government would actually be in the red, the sort of middle scenario was the one where they would more or less break even and the high scenario was one where the Government would actually get more money in than was coming out. Part of the situation, of course, in 1985/86, and I don't know whether it is that the Government knows it, I can never be sure, Mr Speaker, even after all these years that I have been studying the performance of the Government, I can never be sure whether it is that they don't really understand the issue because they haven't really gone into it in depth or that they know it and they don't really care and they stand up and they say what they feel is going to be politically sufficient to get them out of the mess that they may be on a particular point, I am never entirely sure which of the two it is because sometimes I see them all attentively nodding at me while I am talking and then they stand up and they say the opposite. I think part of the situation in the last couple of years, surely, the Government must be aware, was due to the fact that they borrowed money and not spent it. They cannot be unaware of the fact that their Improvement and Development Fund predictions have constantly failed to materialise, they must know that. Of course, they can say: "Well, we didn't spend the money because we had a dispute", but they cannot say: "We are doing very well because we have got the money" and not saying that the money they have got is the one that they haven't spent because they had a dispute. If they didn't spend it because they had a dispute then they should say: "Thanks to the unions we have now got money in the kitty we would otherwise have spent", surely. They cannot blame the union for one thing and then take the credit for the consequences of that and I think in some areas, of course, that is true, they didn't spend the money. One particular area and I may be wrong, I think I disagreed slightly with my colleague's analysis of the kind of situation the Government got itself in with the Trade Union Movement because I think although that was true in 1972 and from March, 1974, to 1978, I think post-1978 there was a semi-honeymoon period for them as well. I think the post-parity era settled this.

HON A J CANEPA:

More than six or nine months.

HON J BOSSANO:

Longer than six or nine months. I think it started going particularly wrong and I believe from some evidence, I am not going to be able to prove it conclusively, but I believe that there was an element of this business of the implementation of the Pitaluga Report in January or February, 1985, which produced, if you like, if not an intolerance and impatience with the need to persuade people to do things which had been accepted for a number of years. If the Government had said for a number of years that you can take a horse to water and you cannot make it drink and that therefore if there were difficulties, well, then you had to talk and have meetings and do this and do the other. In 1985 and 1986 I honestly believe the Government changed its spots and took a tougher line which generated a tougher response. In fact, it started with the painting of Government buildings recommended by the Pitaluga Report when in January or February, 1985, they were put out to tender without union consultation, the buildings were blacked and people were taken off pay and that was really the first direct confrontation which has been carrying on almost intermittently but with the fairly same scenario ever since. Let me say that they didn't spend the money they had planned to spend on the painting of some Government buildings, one of them being the Command Education Centre. Luckily for them the union blacked the building, they didn't paint it and therefore it was knocked down unpainted. I don't know whether if we had actually let it be painted it might have stuck together and it might still be there, we never know. If that is the case then the Conservationists have got an even greater case against the union than the AACR has got but somehow I don't think a coat of paint would have saved it. But there is where it all started from my knowledge of it. I honestly believe that if the Government can persuade itself to try and work on the premise, for a little while, that there isn't a concerted plot to bring them down, then they might find it easier to take more rational decisions and overcome some of these problems if these problems have a negative effect on the tourist industry and the tourist industry is so important to them and I commend such an approach to them. I think that they will find that everybody is not out to get them like they seem to think. Of course the situation is that in all these things there are arguments for and against. I don't want to delve into all these things because I think, Mr Speaker, quite frankly, that is not the purpose of the motion. We get references to asphalt workers who in the end get what they were arguing for because they are found to be right. The people with the wood go to the JIC and the JIC says they are right. Does the Hon Member opposite think, for example, that if he thought the right and proper thing was to submit a report on the GUNAC tender situation and

the JPCS go on strike and that affects tourism he shouldn't make the report? He did what he thought was the right thing and if other people take objection, well, hard cheese. It is not that they have gone out because they want to hurt the tourist industry in that case. Why should anybody else be any different? Nobody accuses them of that. It isn't that the heart of the GSLP lies in GSL, our heart is very big, it encompasses the whole of Gibraltar, Mr Speaker. The thing is, of course, that we consider that the Government has got a special responsibility to GSL which it doesn't have in the tourist industry because.....

HON CHIEF MINISTER:

We are talking about tourists, we are not talking about GSL.

HON M A FEETHAM:

You brought it up.

HON J BOSSANO:

When the Hon Member accused me of having more feeling for GSL than for the tourist industry he said it was because my heart was not in the tourist industry, my heart was in GSL or our hearts, the GSLP hearts. If it is a question of our commitment to working people, there are people who work in both industries. But we cannot hold the Government directly responsible, for example, if there is a strike in the hotel industry for the industrial relations there because they don't own the hotels and therefore we accept that in the areas where they are providing support, which is what they are providing for the tourist industry, very little of the direct revenue other than the tourist sites comes to the Government so what the Government is really doing is encouraging that industry because it considers that it is necessary or desirable for Gibraltar. But the other one they own therefore we are tougher with them on the other one and we make them responsible for every decision because they are the owners. It is not that we are against them in the Telephone Department where, of course, the operator has now been employed and the one year and two days lock-out could have been avoided. It is not that we are against them there because of one redundancy, it is that, in fact, the Government.....

MR SPEAKER:

No, I will call you to order. Let us not go into that. You have made your point.

HON J BOSSANO:

But I am making a different point this time.

MR SPEAKER:

Which is not relevant to the issue.

HON J BOSSANO:

Well, if Mr Canepa says, 'why is it', he is asking a question: "Why is it that we don't object to redundancies in the private sector and we object to one redundancy in the Telephone Department?" That was the question, yes, I want to give him the answer. The reason why we don't have the same situation of fighting redundancies in the private sector is because for years the AACR has been rejecting a request from the Trade Union Movement for legislation, that is why. In 1986 or 1985, the Opposition brought the matter here and we were promised action on legislation in keeping with the EEC Directives on companies that are insolvent and if we had had that legislation on companies that are insolvent we might have been able to do something in the Bland situation but if they close shop and they put you out what do you do to somebody who is already bust? We have had situations where construction companies have gone bust because the owners have died with debts as long as their arm, with the workers' PAYE not having been paid to the Government. What can the workers in that situation do? Nothing much, there is no law to protect them, there is no muscle that they can exercise and whether people like it or not it is not that that is accepted because it is not the Government and it doesn't matter, of course it matters, it is wrong, but the Government must accept that it should be a model employer anyway and therefore it is not unreasonable that more demand should be made on it. I also need to explain my chuckle to the Hon Member opposite about the Heritage Trust. The Hon Member said I chuckled when he stood up and said, as proof of their commitment to tourism, that they had set up the Heritage Trust, one of the things they did, except that he was against it, of course, that is why I chuckled. When he stood up in this House on the Bill he spoke against it not in favour, that is why I chuckled, not because I am against it, because he is taking the credit for something he was opposed to.

HON H J ZAMMITT:

Mr Speaker, if the Hon Member will give way. The motion is not against me, it is against the Government. Therefore on the Heritage Trust whether I agree or disagree with it is really superfluous.

MR SPEAKER:

I would like to ask the Hon Leader of the Opposition whether he is going to take much longer because if he is we will break for tea.

HON J BOSSANO:

I have made notes of things that obviously Hon Members opposite require enlightening on, I don't think there are many left. I think I am reasonably close to bringing my contribution to an end. The point that I am making there is that I was not chuckling about the undesirability of the Trust, I was chuckling about the fact that the Hon Member says: "The Government set up the Trust". Well, we all set up the Trust in this House, it wasn't a purely Government thing. As I understand it we all agreed, some more enthusiastic than others and he happened to be one of the less enthusiastic because his argument was that they were going to take a lot of money which could then be spent in Iceland or Reykjavik to look after Vikings, I think it was. At the end of the day, Mr Speaker, it falls on the Hon Member's shoulders to defend the policy and the success of the Government, certainly, I think the policy enunciated by the Hon and Learned Chief Minister in November, 1983, in London, defended in the election campaign and projected as the answer in 1984 in the closed frontier, that is now a dead duck. They are trying to keep it afloat as best they can but it clearly failed in 1984 and is no longer operating. Today what we have is a situation where if the Hon Member stopped visiting UK tomorrow it wouldn't reduce by one the coaches coming across from the other side and that is what is putting the money in today. I think we need to know, at this stage perhaps it is too late, but certainly we need to know from the Government if circumstances change that their policy has changed and what he will find from us, Mr Speaker, if we are there in a few months time, that we will spell out in a fair amount of detail what our commitment would be to tourism, why it will be, that is, on what it is based and we will do it to give the House an opportunity, if we are making a mistake, to stop us and then we will be grateful to be stopped if we are making a mistake. And if we find that things are not working out the way we hoped or the way we intended, we won't need an Opposition to put in questions and try to discover the information, we will come back honestly and say: "Look, it is not working and we are going to have to think again". They could have been doing that, they haven't been doing that and that is why they find us calling the dust down, not because we are like the IWBP Opposition, the Hon Member knows very well that that is not the case.

MR SPEAKER:

We will now have a short recess for tea.

The House recessed at 5.20 pm.

The House resumed at 5.45 pm.

HON G MASCARRELLAS:

Mr Speaker, after having been involved close on twenty years in the field of tourism, I still haven't quite been able to define tourism exactly, I think it is virtually impossible to define as such, perhaps that is the difficulty that the Hon Leader of the Opposition has in that it is not a tangible thing which you can define exactly. I think the crux of the matter that certainly the Hon Mr Feetham raised earlier is the number of beds in relation to any particular market, he quoted 1,400 whereas statistics show that it is 1,850. I think we have to bear in mind from the tour operator's point of view and as far as the crisis which is in the minds of Hon Members opposite, it is the tour operators that have created the crisis and who have pointed out the errors or what is going wrong in Gibraltar. Yet we have to see from the point of view of the tour operator how they go about in planning a new product, a new destination and it is interesting that everything is inter-related in the sense that, for example, the big boys such as Thomsons, Intasun and Horizon, who do not come here, they will tell the chain of hotelier in any market: Spain, Greece, Yugoslavia, any of the big mass markets what they are prepared to pay for the bed and they follow suit and they accept that price or they move somewhere else and the poor hotelier is left either high and dry and this goes on year after year after year. And if they tell you: 'We are going to pay you £3 this year, this is what we can afford, this is what we budgeted for' they have to accept that price more often than not and it is a very brave independent hotelier who tells the tour operator: 'No, I am sorry, I won't have you' because he would have his hotel empty and since they all do the same their position remains the same for all the hoteliers and that is a reality. Here in Gibraltar, fortunately, since the number of beds are not there they cannot do likewise and therefore it is not a market with which they identify closely in that they have it because they feel that commercially it might produce profits for them and if they come here it is because it is in their commercial interest to come here and if they do not, however much we can do, the Government or Gibraltar generally, is very questionable because at the end of the day their decision will be determined on the profitability of that destination. Certainly if we do lose a tour operator and nobody wants to lose any tour operator, but I do recall in 1983 when we lost the Exchange Travel holidays which at the time were by far the largest tour operator operating to Gibraltar, the only charter at the time, certainly they pioneered the charters coming to Gibraltar and we lost them. And why did we lose them? Not because Gibraltar was dirty, not because the pricing was wrong, why? They were dedicating themselves to three destinations - Malta, Cyprus and Gibraltar. Gibraltar happened to be the only profitable destination but they felt that in order to produce the brochure, in order to go out to the market, they could not afford to have Gibraltar on its own and therefore when they scratched Malta and Cyprus they also scratched Gibraltar.

and that is the reason for it, it is a simple reason, not because Gibraltar was dirty, not because the pricing wasn't right but because it was a purely commercial decision, whatever reasons Mr McNully had at the time, I know he bought a village in Cornwall for the English tourists, for the domestic market and I think he had to invest in that and that is my view of what happened and therefore something had to be sacrificed and it was Gibraltar. Touching upon Exchange Travel because I lived it very, very closely at the time, I know a commercial decision, again, which had severe repercussions for Gibraltar, I think in 1976 or 1977, was when Exchange Travel dropped the Caleta Palace. A pure commercial decision between two, a hotelier and a tour operator and the Caleta Palace was dropped and the Exchange Travel operations in Gibraltar dropped from 11,000/12,000 to 7,000/8,000 in one year because the Caleta Palace had been the mainstream of the Exchange programme and the market that had been created for Gibraltar at the time was geared to that particular hotel. Therefore, coming back to the original point, if we had a market of 1,850 beds there is no way on earth that we will be able to entice tour operators unless, of course, that market were to develop substantially had we had 5,000 or 6,000 beds, it is a question of the chicken and the egg, what comes first? We must also be careful of certain tour operators who, through errors of judgement in their planning, make errors on the basis of the number of seats, the number of hotel rooms and the product that they put out to the market be it Gibraltar, be it anywhere else, they don't make the acquired sales and they have to lay the blame somewhere and this happens with the big operators and with the small operators more perhaps than with the big ones because the big ones can switch markets as they like and they have the buying power and that is the reality of the situation. When the frontier was closed I think that Gibraltar could claim to be a resort in its own right. I won't make comparisons with places outside Gibraltar but, in my view, in my experience, Gibraltar could be considered a resort on its own right. The description of a resort, I am not going to go into that, there are varying opinions, it is difficult defining what a resort is. I think that Gibraltar today is more than a resort in the sense that we have attributes like location, the weather and services, by services I mean a host of services. Therefore, today, although we like to call it the tourist industry, my own view is that it is more of a visitor industry where we have the visitors coming into Gibraltar and I am not talking about the coachloads that come in for the day, visitors generally, people who produce revenue in all sorts of things, who come for commercial reasons, for the finance centre, to visit families, etc, etc, there are many different categories and not perhaps on the pure touristic side. For example, my Hon Friend Mr Perez quoted a very good example yesterday to explain a point on the speedometer, I would like to do likewise and that is that, for example, New York and London are in themselves holiday destinations but yet one could hardly describe London as a holiday resort but yet they receive millions of visitors and tourists every year. Therefore Gibraltar, in my view, transcends the touristic value that

you attach to the holidaymaker who spends two weeks in Palma de Mallorca and the holidaymaker that will come to Gibraltar. We are a point because of our location, because of our history that attracts visitors of different sorts of ideas, they come here because Gibraltar has a lot to offer, much more than a resort, certainly, a base for them and a service area which we have always been throughout our long history and I think that is important and that we should harp on that and I think we have been doing that up to a certain extent. My Friend Mr Zammitt this morning went into what areas they are moving into and I think the amount of money that the Government is expending in the specialist areas I think is important. If we can attract, for example, the Royal British Legion for one, these are the areas that we have to move because we are talking about tourists and at the same time you are talking about visitors who are coming for a specialist idea. Mr Speaker, the Hon Leader of the Opposition this afternoon tried to explain certain facets of claims and I don't want to get into details of whether it is a £2 claim or a £500 claim, the merits or the demerits of such claims. I think the point has to be taken that it is these sorts of things that create industrial disputes which have a bearing on tourism at the end of the day. For example, the taxi strike had a bearing because if you have one tourist not being able to get a taxi at any given time he will get a bad impression of Gibraltar for whatever reason, and if something went wrong in the hotel at the same time, you add one and one together. For example, I remember recently in Torremolinos when the Torremolinos municipality was fighting the Malaga municipality because they want to break away, you had a situation where coachloads of tourists were left in the roadways for hours on end because they were blocked. Out of half a million people in Torremolinos on that day, I am sure that 50,000 won't return but, of course, they are a drop in the ocean as far as they are concerned because we are talking about large markets. Here I think it affects us much more directly and therefore it is important that for the purposes of having the repeat business which I think is important to Gibraltar and it has been proved over the years that it is the repeat business which is the important facet for our tourism. Mr Speaker, it is blatantly clear in which direction Members opposite have tried to steer this session of the House of Assembly. I don't know whether they were expecting the Chief Minister to dissolve the House, they put themselves on a war footing and therefore have taken us through Gibrepar where everybody was to blame except Mr Bossano's union, secondly, that the finance centre, again, we saw their true colours yesterday and, thirdly, tourism which is the matter at hand. My view is that it was a concerted effort to discredit us months before or weeks before because we still don't know when the Chief Minister will dissolve the House, but I think that in being offensive I think you have to be a bit defensive because I think the policies as regards tourism have succeeded. I don't think we can define one or two policies on their own, I think that the global attitude towards tourism in Gibraltar has to, certainly people here are very much a part of tourism, you cannot divorce the people

who actually work directly in tourism from the persons in the street who walks around and throws litter, etc. I think we need a certain pride in our own place. I think we have got the attributes that I mentioned before and I think it is important that everybody gets together in tourism. I think the Spaniards, to give credit where credit is due, do it marvellously and I think tourism is placed on a pedestal which we have still to reach but they have been doing it for years and, unfortunately we haven't got the market to compete with them and we shouldn't because we have other things which are much more valuable. Mr Speaker, I don't believe there is a crisis, I think it is wishful thinking on the part of Members opposite and I don't think it was necessary, I think it was probably an unprecedented political gimmick for two Members from the opposite side to go to England to try and resolve the tourism crisis. I think it was a political move, there is no doubt about it. I wouldn't accuse them of paying lip service to tourism over the four years, perhaps the Hon Member was right in his contribution when he said that he would have liked to have been more involved if he had had the opportunity, I don't think that is fair, it is up to him as a Member of the Opposition to chase or to help the Minister accordingly when he so thinks for the betterment of everyone. I think at the end of the day we have to place Gibraltar above our own party political lines. Thank you, Mr Speaker.

HON J C PEREZ:

Mr Speaker, the Hon Member might be twenty years in the business but he is certainly not aware of the reality of the hotel situation today in relation with the tour operators. He is saying that because we have very few beds in Gibraltar that the hotels in Gibraltar are not being put under pressure by the tour operators. This is total nonsense. The Hon Minister for Tourism was telling me privately during the lunch hour that one particular hotel in Gibraltar has to sell its English breakfast for £1.50 precisely because of the pressure they are getting from the tour operators. It is nonsense to suggest that because we have got very few beds in Gibraltar that the hotels here are not being pushed by the tour operators to get very low prices.

HON G MASCARENHAS:

If the Hon Member will give way, Mr Speaker.

HON J C PEREZ:

No, Mr Speaker, because I think that if we are going to give way we are going to involve ourselves in a longer debate and the debate is not going to finish. He made reference to the other tour operators having left the market for different reasons suggesting that the tour operators that are threatening or have left the Gibraltar market now is

for similar reasons. This, again, is not the case, Mr Speaker. The tour operators that have threatened to leave, like Thomsons, and the ones that are actually not featuring Gibraltar in next summer's brochure are leaving because they are disenchanted that all the things that the Government have promised them are not being delivered. The market that they hold, and the market is more or less the same that they used to hold before that decision, they are saying that their clients are going back and complaining more and more about Gibraltar. There are specific reasons which the Tourist Office well knows about, about why they are threatening to withdraw or why they have withdrawn and it has to do with the Government policy during the last four years. The Government knows that so let us not pretend that it is a financial decision, like Exchange Travel was a financial decision. It is all very well for the Minister for Tourism to say that there is a new operator coming in and to try and discard the impact of Sovereign Enterprise who have been here for many years selling Gibraltar. It is splendid if we have a new tour operator coming in but I think we have a responsibility to try and hold the people that have been committed to Gibraltar over the years of a closed frontier and to try and hold them and to try and keep them in the market and the more the merrier. I would like to refer to the last comment made by the Hon Mr Mascarenhas about our visit to London. We have not come back waving flags saying 'We have saved the tourist industry'. That visit to London was an exercise which was very useful for the Opposition because we wanted to learn at close hand the problems that were being encountered by the tour operators, we have not attempted at all to make political capital out of that visit and we have not come here saying we have got such a commitment or such a commitment if we entered Government and we have maintained the confidentiality of our conversations between the tour operators and ourselves as the Hon Mr Zammitt maintains the confidentiality that he had with the hotels in Gibraltar and with the tour operators, which is quite right. I don't think that the Government can accuse us of trying to make political capital out of a situation where we haven't and where it is evident that we haven't. It has been an exercise which, I dare say, was a very responsible one, we have got an election round the corner, we have to plan our own ideas on tourism and we wanted to see at close quarters what the real problem that the tour operators were facing was. We have heard the reasons that the Government give, now we have heard the tour operators and now we can make our own decision on what the real problem is and where we go from here. The point Mr Mascarenhas made and that every other Member of the Government seems to make, that the GSLP is coming here with a motion of censure because it is near an election and it is politically convenient. Well, Mr Speaker, this again is not the case. The Government four years ago made a specific statement because they didn't announce their policy, that tourism was going to be a pillar of the economy. At the end of the four years certain things have happened. The hotel occupancy figures show a decline;

tour operators threaten to go or leave the market and we are accused by the Government of trying to make political capital because of the timing of the censure motion. The timing of the censure motion has to do with the things that have been happening, the press reports from the tour operators and the pressure that is building up on the Government on tourism generally and the trade in Gibraltar which is also upset at what is going on. I am glad that the Hon Mr. Zammit did not make any derogatory remarks about the hotels like he did earlier during the year. In July I think it was, when he was trying to blame the hotels for this, that and the other because if the Government had put in the effort into the resort that the hotels have put in then we wouldn't be facing this problem and this crisis because it is a crisis, particularly against the background that Government decided that tourism was going to be a pillar of the economy. That is why it is a crisis. If you start your term of office and you do not make such rash statements then you could say that there is a problem in tourism which you have to face but it is a crisis on the basis of the expectations that the Government gave the people of Gibraltar generally about what tourism should be. As my Hon colleague, Mr. Feetham, said if and when we are in Government we shall decide what place tourism should have in the overall economic strategy of the G.S.L.P. To accuse us of not having our heart in tourism is not true. One thing is to believe in a particular tourist policy or to believe that tourism is an element of a whole package and another thing is to say that tourism is the salvation of all, the pillar of the economy and what is going to expand and enhance and enrich our lives. That is all I have to say, Mr. Speaker.

HON CHIEF MINISTER:

I would just like to make a very small contribution. In the first place, reference has been made to the question of the electoral fever. I also present my most abject excuses for a slip of the tongue in my New Year Message to say that by January there would have been an election. It is still possible. It wasn't in my mind to have started the fever so quickly or perhaps people were susceptible to that kind of infection, anxious for the day to come. I think they will have to wait a little longer. I am sorry, I should not have said that but it was meant, really, historically of the year not of the next month or the next two months. The other thing is that I am not at all worried or impressed about the fact that we are dealing with a censure motion, I think that is what the House of Assembly is for and I am happy that these things can be brought by a mere five days notice for a motion. Many Parliaments, despite what people may think, other than Westminster, of course, require a very elaborate procedure before a motion of censure can be brought before the House, it happens in the Spanish Parliament, you have to get so many Members to sign and so on, they have difficulties. That is why they make such a song and dance about it. Anyhow, I am quite relaxed about that because I think that is what

the House is for. As naturally predicted, motions of censures are just one example on which to debate matters of public importance but everybody knows what the result is going to be and except for decoys in places where people are sick or something, I remember in the days of the Republic they used to bring people in stretchers to go and vote in Parliament because their majority was very small. Here we are small but we are all here and you know what the answer is going to be before you start. Just one point about this question of enthusiasm or not and this is the only criticism that I have of the motion and that is that whatever may be said now, the Opposition have never shown great enthusiasm for tourism. They live with it and, in fact, I think the point made by my Hon colleague about the trip to London was, perhaps, well-timed strategically for people to think that they could just walk into Thomsons and the others who would say: "You are the Opposition, you are going to be the Government, then it is alright, all we have said we forget and, of course, if you are going to be the next Minister for Tourism I will cancel all my arrangements of withdrawing from Gibraltar. You can rest assured that you can have all the tourists you want". Some diehards of the party may think so but they are mistaken. First of all, let me say something else about the question. We have always said here, particularly, at Budget time, we have always said here that the economy of Gibraltar is dependent on many factors outside its control. So many things happen outside that have an effect on Gibraltar, sometimes good, sometimes bad. We are not the masters of our destiny in many ways. In fact, nowadays even big nations are not masters of their own destiny overall let alone a little community like ours, we are not the masters of our own destiny. It is true that the whole concept of the Pitaluga Report and the whole input that was put in it and what I told I said at Chatham House about tourism which I don't remember but I am not prepared to deny it, it was true but what else was there to be done at that time? What else? What was the light at the end of the tunnel? It was inevitable and the whole thing was made on the concept of an on-going situation like we were having because by that time the new democracy had been in power for quite a number of years and there was no sign that there would be, not a removal of restrictions but a return to normality, which is a different thing. I always make a difference in that because Gibraltar, normally, had been able to make its own living. In fact, I remember in 1968 which was the first time we had to go and ask for some money to London, I was thoroughly ashamed, I had been in public life for a number of years and I would have to go begging for money to England. It was not the way I thought public life was and, in fact, I said I was most reluctant and I have always been reluctant. First of all, it is very difficult to get it and, secondly, when you ask for it you have to ask for it with a certain dignity because something else has happened over which you had no control. Therefore, there are matters which are beyond our control and it is true that the whole question of tourism and the strategy of tourism changed dramatically once we

had an idea that the frontier was going to open, of course, it is true. One of the things that I would like to say is that under no circumstances can it be said that my original consent which I obtained with the consent of my colleagues, to the Brussels Agreement, was a caving in or the result of our economic misfortune. Certainly, it was an important factor to get that frontier opened. Anything which was well within our - here is where judgement may differ - where we can keep our dignity and keep our rights, some have more faith in our Government than others. In Strasbourg we heard the Reverend Ian Paisley say: "Do not put trust on Tory princes". Well, they were there for blood because they thought that there was something against us which they could make capital out of. But the Brussels Agreement was an act of faith and it is true that we were with our backs to the wall economically, of course we were, and it is true that, again, when the question of the Dockyard closure was concerned, we might have reached a stage where Gibraltar would have reached a stage of grant aid which is something I have said very clearly all my life that I would not submit myself to grant aid because if you get grant aid, if you have a budget of £50m and they provide £5m they want to run the £60m for you and if you make some economies to be able to provide something, they say: "No, the first economy is towards the £5m that we are giving you". That is a state of affairs which I would never be prepared to preside over insofar as Gibraltar was concerned and we were reaching that stage in the time of the closure of the Dockyard. The decision then taken was either that we went into a grant aid situation or that there was a commercialised Dockyard and then came the negotiations and the package and the elections and so on. I think this is now a matter of history. But there is only one thing I must say and that is that the enthusiasm by the Opposition to tourism has not been very marked. I only have one quotation to make and to use and I will then show that what I am saying is perfectly true and consistent. What I made my statement on the Pitaluga Report on the 26th June, 1984, first of all, I said: "On the important question of finance, the Government has decided to commit an initial sum of £300,000 from local funds in pursuance of its policy on the expansion of tourism". Then I finished off by saying: "It is also our hope that the Opposition in this House will give their support. We shall certainly be ready to consider carefully any constructive suggestions they might wish to put forward". Mr Pilcher said: "I have heard the Hon and Learned Chief Minister and I have not had time to digest the statement but I am correct in assuming that the Government will immediately pass on £300,000 from the I&D Fund. It will also try and get the ODA to approve £300,000 of what is left over from the 1981/86 programme and they are also trying to get the Committees which it has appointed to raise up more ideas in order to submit to ODA further projects for some more money from ODA for tourism". That was a question arising out of the statement and I said that that was right. But then when it came to the voting of the money on which Hon Members abstained I said, at the end: "I was somewhat disappointed that yesterday's statement on tourism did not

produce at least a word of encouragement from the Opposition". And the Hon Mr Pilcher said: "If the Hon Member will give way. I think the Hon and Learned Chief Minister is referring to the stand taken by the GSLP on the tourism side. I must remind the Hon and Learned Chief Minister that, in fact, we did give the Government the assurances in the last House of Assembly that we would do everything in our power not to stand in the way of tourism. What he did yesterday was give us a statement which we did not have time to digest and obviously once that stage passes then we cannot come back to the statement". Well, this is really almost a churlish statement, too negative to make one positive. "We would not stand in the way of tourism" that is all they were able to say and after that they abstained on the vote on the funds and then we know why, unfortunately, part of that money was not possible to be spent. That, really, was the beginning of the Pitaluga Report which did not have any enthusiasm or even support from the Opposition, they just did not stand in the way very much as occasionally when they dare not oppose a measure which we bring because they know it is right but they don't agree with it, they abstain. Mr Speaker, the motion is bound to be lost and rightly so. I think it is brought, certainly, at a time when as much heat is being generated in anticipation of the general election. We don't know whether we will still have another sally from the Leader of the Opposition to the United Nations on his own to see whether he can settle the question of colonialism and his friends in the Labour Party can help him and other Members may go to other parts of the world to try and project the Opposition side. I think eventually the people will decide who should govern our place for the next four years whenever the election is held. This motion has helped to highlight where people stand in this important matter of tourism.

MR SPEAKER:

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

HON J E PILCHER:

Mr Speaker, really there is very little to answer because there has been very little answered on the part of the Government. The motion which was brought by me to this House this morning had one clear motive. I explained in detail before I started the motion so that there could be no misinterpretation that, in fact, we were moving a censure motion on the Government because we thought our principles as far as democratic Governments are concerned are that they should be held responsible for their policies during the four year term of office. Of course, it has to come a couple of months prior to an election, in fact, if we knew that the election was going to run until January or February we would have brought it in the last House because it is our contention

that the policies which were expounded and which got them elected have failed and therefore it is our duty, as the Opposition party, to prove that what they are saying is not correct and we didn't bring a censure motion to this House on GSL because by noting the 1986 Accounts, that was enough to censure the Government on GSL, Mr Speaker. The motive was clear. Hon Members opposite don't seem to have heard me when I said that because they have been giving their own interpretations as to why we have brought the motion saying that this is electioneering. Well, it is, Mr Speaker, of course, it is an effort on the part of the Opposition to prove to the people of Gibraltar that as far as their two main pillars and during election time there were only two, the third one has grown in the meantime, the two pillars of the economy have failed. This I explained clearly this morning so it is not a question of asking why are they gallivanting around the world? We are preparing for a general election and that is the reason of the censure motion and I agree with the Hon and Learned Chief Minister, a censure motion in this House of Assembly is another motion because there is not the slightest possibility of the censure motion being passed, Mr Speaker, because there have been other issues where we know that personally the Members opposite agree with us and when it comes to voting they vote with the Government. The censure motion was nothing other than censuring the Government because they have not been able to accomplish what they set out to do as far as their policy on tourism is concerned. There is no concerted effort, it is just an effort on the part of the Opposition to show that. I must add that, again, they themselves and I think the Hon Members opposite should learn the lesson; we came back from our visit, my Hon colleague Juan Carlos Perez and myself, and didn't make any major song and dance about our trip. We thank Members opposite for having advertised the fact so much here in the House of Assembly but the reality was that what motivated that visit was an article in the Gibraltar Chronicle on the 21st September which talked of a tourism crisis. Whether the Hon Minister for Tourism believes that there is not and we are still in doubt on this side of the House because the Hon Mr Mascarenhas seems to believe that there is a crisis with tour operators, the Minister himself believes that there isn't and yet we know that Thomsons' partial withdrawal is affecting the market, we know that the pulling out of Sovereign Enterprise is also affecting the market and he quoted to me yesterday or Monday, I am not sure, figures of about sixty or seventy people per week that Sovereign Enterprise bring to Gibraltar. If you multiply that by 52 we get 3,120 if it is 60, 3,640 if it is 70. Those are substantial numbers given that we are talking about 43,000 tourist arrivals, it is a substantial percentage although a small percentage. He said to me in the last House of Assembly that if Thomsons pull out it is a disaster for Gibraltar therefore the crisis is there, the crisis is looming and it is because the AACR Government have failed to deliver the policy on tourism that they promised, Mr Speaker. I think the Hon Leader of the Opposition made quite a clear and categorical statement. If, when the Government came to this

House of Assembly they had said to the Opposition: "We have now scrapped our 1983 policy on tourism, Out 1984 or 1985 policy on tourism is that which has been expounded by the Hon Mr Mascarenhas this afternoon, a visitor industry and therefore we are scrapping our own policy and we are updating our policy". If the Hon and Learned the Chief Minister had done that a year ago, two years ago, at the opening of the frontier, then the Opposition would have looked at that policy and perhaps today we wouldn't have a censure motion because today the visitor industry has increased, the excursionist market has increased, the shopping centre element has increased but we are not looking at that, we are looking at the policy of the Government to make Gibraltar into a tourist resort for long stay tourists. Not very long ago, in the Budget, the Hon Minister for Tourism was still saying that that was the policy of the Government. Which is it, Mr Speaker? We are trying to do, believe it or not, a job from the Opposition which is to monitor Government policy. How can we monitor Government policy if different Ministers or different Members of the Government expound different policies? Obviously, the policy which I follow is the policy of the Hon Minister for Tourism and his policy continues to be an increase in the market in Gibraltar for long stay tourists, overnight stayers. That is why the censure motion is here in front of the House and there is a crisis and the Government, and I won't go into it again because we have looked at the statistics, we have looked at the figures; this year there was a decrease in guest nights sold and that shows the start, Mr Speaker, of the crisis which we are talking about. There is not a lot on what the Hon and Learned Chief Minister had to say which I have to comment on. I think, basically, he just added, perhaps with a bit less force, comments that had been made by other Members. Again, I was particularly worried about the reaction - and I am not trying to pick on him, I seem to be picking on him in this House but I am honestly not trying to pick on him - of the Hon Mr Canepa because, again, as far as I am concerned from this side of the House he is scaremongering. He is back on the 1984 scaremongering campaign similar to that expounded by the Hon Minister for Tourism at four o'clock in the morning of that famous day when he said: "There you have them, all these longhaired louts are going to rule Gibraltar and cause chaos". Well, I think we have got over that. The Hon the Minister for Tourism at four o'clock in the morning when the Government had thought that we had won, gave an interview on radio.....

HON CHIEF MINISTER:

You thought that you had won.

HON J E PILCHER:

NO, when you thought that we had won as well. But, of course, the Hon the Minister for Tourism has, in his own contribution, said that as an Opposition he is happy the way we have worked. Is the Hon Mr Canepa not happy and is he scaremongering again? Mr Speaker, I don't want to get into the industrial situation but I think if the Government, as the Hon the Leader of the Opposition has said to them, looked at the cause and effects of industrial action they would not have as much industrial action on their hands as they have at the moment, but be that as it may, Mr Speaker. I think there were also a couple of other comments made on the cruise liners. Well, I think, again, the Trade Union Movement is doing the Government a favour by stopping cruise liners coming to Gibraltar because if they come to Gibraltar and have to go to the North Mole and wade through the North Mole and get up to their knees in oil and have to jump over fork lifters and over containers because the Government promised and I know that there are difficulties, a beautification and a change in the North Mole and we cleared up the Icebox three or four years ago and it is still there. There is no faith in what they say they are going to do and this is what we have tried to highlight. In four years they have done nothing whatsoever, that is the reason for the censure motion, Mr Speaker. The same as when the Hon Minister said how can the cleaners clean if the cars are parked and they cannot clean underneath? Well, it is their responsibility. If the cleaners cannot clean because the cars are there then, as a Government, they must have a policy to get the cars out of there so that the cleaners can clean or provide car parks so that the people can park their cars. It is a circle, Mr Speaker, you cannot try and land the responsibility for what you are doing at somebody else's doorstep as an excuse because you cannot do it. The Government cannot do that, a commercial operator might but the Government have the responsibility to see their policies through and if there is something that is stopping their policies then they have to take a policy decision on that. It is as simple as that, Mr Speaker. It has to do with governmental responsibility which the Members opposite do not seem to understand after twenty years in Government. Mr Speaker, they seem to be politically immature.

MR SPEAKER:

No, we are not going to bring new matters into the debate.

HON J E PILCHER:

Fine. I will concentrate now on the comments made by the Hon Minister for Tourism because that is really what relates to the censure motion. The other Members have mentioned anything and everything from dirt to industrial relations and haven't really talked about tourism except for the Hon Mr Mascarenhas who gave us an insight on what is his profession, after all. The Hon Member attacked the GSLP various times

reading Hansard. I think it has been explained that every Hansard he is reading is pre-February, 1985, so obviously there was a change in 1985 where the Government should have changed their policies. The Government didn't, we continued our line but after 1985 he won't find any more comments from us relating to 1984 because the reality is that in 1984 tourists were 34% down in Gibraltar from the 1980 statistics. It is here, all arrivals in the Hotel Occupancy Survey, Mr Speaker. It was an all time low but, again, that has been admitted today here in the House. The Minister continues to tell us the difference between excursionsists and visitors and tourists so as far as we are concerned although there have been other contributions as far as the policy of the Hon Minister for Tourism, it continues to be one of long stay tourists with an increase of 2,000 to 3,000 beds in the Gibraltar market. Of course, as I said, I think, this morning, the difference is that that should have been given at the start of the four-year term not at the end of the four-year term because the Minister finished by saying that there was a potential in the tourist industry similar to the fact that, I think, the GSL motion finished yesterday that GSL was viable. Of course, GSL is viable, there is a potential in the tourist industry but at neither one or the other have the Government over the four years done either one or the other. There continues to be a viability and there continues to be a potential but the potential and the viability are the same now as they were four years ago, in the case of GSL much, much worse. The Minister never explained any single point that I had made, Mr Speaker. His answer to the censure motion was an attack on the GSLP for not thinking tourism was a great thing. Well, even if the Opposition didn't think that tourism was a great thing, so what? We were questioning his policies on tourism, his delivery on those policies, his commitments, not ours. Our commitments are not on the line, we are not the Government, we are the Opposition. It might be very easy for us but I hope that in three months time it will be more difficult and we have to explain them but we are not here to explain, to move a censure motion on Government and then end up explaining what is our position on tourism. No, what is their position, they were elected on tourism, they told the people of Gibraltar that in four years time they would do (a), (b), (c), (d) and (e), not us. On the Pitaluga Report, well, all that the Minister answered as far as that is concerned is that we thought it was funny, we had ridiculed it and we had attacked it. It is not true but even if it had been, so what? Did he explain why the Committees have taken so long, why the Consultative Committee hasn't met for two years, why the Consultative Committee wanted to break away because it hadn't met for a long time, why now there is a further Committee? He never explained anything at all, Mr Speaker. As far as the turnover is concerned he said: "That is a great turnover", but, of course, what he said is it is not enough to cover the turnover that we had last year so it is lower. Mr Speaker, nothing has been said in this House by that side of the House to convince us and I hope convince anybody outside this House, that anything that the Government has

done over the last four years for tourism is other than pay lip service to tourism. Mr Speaker, one thing that the Minister did do, however, is what he does normally, praise the private sector, praise the hotels, praise the airlines, praise the Tourist Office, obviously a public relations exercise. We also can praise them but we don't have to, we know, because they are producing results which the Government is not. The airlines are producing results, both GB Airways and Air Europe. The hotels are producing results. If the Government had only kept up with the refurbishment programme of the hotels we would have the tourist resort infrastructure in Gibraltar today in a much better position. The private sector, as far as the shops etc are concerned, have also done their bit, everybody has done their bit except the Government and the main criticism levied at the Government is that they promised to do things, they agreed to do things, they enter into agreements and at the end of the day they do not deliver, Mr Speaker, that is the criticism. It is a criticism not only locally but it is a criticism outside Gibraltar as well, it is all promises, Mr Speaker. I think time will tell whether there is a crisis or not. If the AACR Government stay there for another four years, which I hope they don't, we will find out what the crisis is. In fact, we will probably find out what the crisis is in a month's time when we get the Tourist Report which we haven't got in this House. As I said, Mr Speaker, I think and I am not trying to bring anything new into it, I think it is political immaturity not to take the responsibility for the actions and for the commitments and for the policy decisions. We will never hold the Government to answer if they come here and say: "This has failed because of (a), (b), (c) and (d) and we are changing our policy now and this will be our policy". But we will hold them, Mr Speaker, to be accountable for saying one thing four years ago and today finding excuses for not having done it. I would just like to remind the Hon and Learned the Chief Minister, I like to remind him of things that he says, to round off, Mr Speaker. At the Ceremonial Opening again because I think it is important for the people to know that everything that one says one has to be accountable for, this is why there is a censure motion here today. As I say, on GSL there would have been a censure motion but for the Accounts. He said: "I want to take this first opportunity", saying this in front of His Excellency and the people of Gibraltar because it was live, if I am remember correctly, on television. "I want to take this first opportunity in the House of Assembly to pledge to the people of Gibraltar as a whole that we will devote all our energies and endeavours as Ministers to work unsparingly to justify their confidence and support and to discharge our responsibility to the utmost". That, Mr Speaker, hasn't happened and I am, for the second time in this sitting of the House, asking the Government once and for all to resign and move over.

Mr Speaker then put the question and on a vote being taken the following Hon Members voted in favour:

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

The following Hon Members voted against:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt

The motion was accordingly defeated.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that this House adjourn until the 10th November when we shall be dealing with the Committee Stage and Third Reading of a number of Bills that were left behind during the course of this session.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 10th November, 1987, at 10.30 am.

The adjournment of the House to Tuesday the 10th November, 1987, at 10.30 am was taken at 6.45 pm on Thursday the 22nd October, 1987.

TUESDAY THE 10TH NOVEMBER, 1987

The House resumed at 10.30 am.

PRESENT:

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

GOVERNMENT:

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

OPPOSITION:

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

IN ATTENDANCE:

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

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, we had adjourned to deal with the end of one or two of the Bills that were left from the last meeting but in view of other rather pressing commitments I suggest we recess until tomorrow morning at 10.30 to proceed with the business.

MR SPEAKER:

I think the House is unanimous that this should be so and therefore we will now recess until tomorrow morning at 10.30 when we will carry on with the Committee Stage of the Bills.

WEDNESDAY THE 11TH NOVEMBER, 1987

The House resumed at 10.30 am.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I beg to move, Mr Speaker, that the House should resolve itself into Committee to consider the Companies (Amendment) Bill, 1987, clause by clause.

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

THE COMPANIES (AMENDMENT) BILL, 1987

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, in Clause 2, subsection (9)(iv) to delete the word "Ordinance" and substitute "section".

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.

HON M A FEETHAM:

Mr Chairman, I submitted an amendment which I will introduce after new Clause 9 and if I was given some indication from the other side whether they were going to support this then we would be prepared to support the rest of the Bill.

HON A J CANEPA:

Sir, we are not prepared to support this amendment in its entirety as it stands because we think that the purpose behind this amendment can best be achieved through the legislation which is in draft to protect employees in cases of insolvency and that that legislation should be closely married with the overall amendments to the Companies Ordinance which will come to the House at a future date. What we are prepared to do is to move an amendment of our own that will update the situation, bring it closer in line with the UK whereby the amount of £200 would be raised to £800 as is the case in the United Kingdom and also whereby in paragraph (c) of section 241(1), to remove the period 'during two months' and insert instead 'during four months'. This, I think, is

a step forward and then the more general review can be undertaken and the more general purpose behind the amendment can be undertaken and that is in compliance with the Companies Act of 1985. If Hon Members opposite are agreeable with that I shall move that amendment, Mr Chairman.

HON M A FEETHAM:

We are prepared to accept that and we are prepared therefore to support the rest of the Bill.

Clauses 3 to 7 were agreed to and stood part of the Bill.

New Clause 8

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I move that after Clause 7 a further Clause, which I will describe as Clause 8, and which I have, in fact, given advance notice to yourself and to Hon Members so I hope that Hon Members will not expect me to read it out in toto. It is the Clause headed Clause 8 on my notice of the 3rd November and I move that this be inserted after Clause 7.

MR SPEAKER:

I am sure that the House does not wish the Hon the Financial and Development Secretary to read the full amendment, it has been circulated but, of course, we can entertain any debate on this.

HON J BOSSANO:

The only difficulty, Mr Chairman, is that we have just had this morning the explanatory memorandum telling us what it is all about.

MR SPEAKER:

Not this morning, I think it was distributed yesterday.

HON J BOSSANO:

It has been here before, has it?

MR SPEAKER:

Yes, it was distributed the day before yesterday.

HON M A FEETHAM:

We got it yesterday.

HON J BOSSANO:

I am not talking about the actual amendments, I am talking about the explanatory memorandum.

HON CHIEF MINISTER:

The explanatory memorandum not the amendments. I would like to make a point. I thought that in view of the fact that the amendments dealt with another subject which might have well been another Ordinance, that what is given normally in an Ordinance should be given for the benefit of Hon Members. In fact, I think we have gone a little further than that because it has been an in-house memorandum which had been explained to Ministers and had been slightly shortened for the purpose of convenience but I thought Members should have the gist of the thing explained to them in view of the fact that it isn't easy anyhow but the amendments, of course, were circulated on the 3rd November and this, to my mind, has been circulated some days ago.

HON J BOSSANO:

Could I ask, is it, in fact, that the Government has had an indication of somebody actually wanting to register unit trusts and is waiting for this legislation to go through?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, if I might perhaps say a few words on this. During the last couple of years the Finance Centre Group has been making representations to the Government that we ought to introduce the necessary legislation to allow for open-ended investment companies to be set up in Gibraltar. Unless steps are taken to amend the Companies Ordinance before the end of the year to enable such companies to be incorporated, Gibraltar will lose the opportunity which it has by virtue of its membership of the EEC to attract such companies many of which by then will have been set up or the sponsors will have decided to set up in other jurisdictions, particularly, Luxembourg. Luxembourg is, in fact, the only other territory within the EEC which offers fiscal advantages to corporate funds under the umbrella of the EEC Directive on undertakings for collective investment in transferable securities which are known as UCITS for short, there is an EEC Directive in English translation which comes out as UCITS. This Directive enables collective investment schemes authorised by a Member State to market their units throughout the Community without requiring authorisation from other Member States. I certainly have had enquiries, not applications because as the law now stands such an application could not be entertained because of the inhibitions which are built into our companies legislation and the Finance Centre Group or individual members of the Finance Centre Group have also had enquiries of a similar

nature. We understand that many fund managers would, in fact, prefer Gibraltar to Luxembourg because we are a common law jurisdiction rather than a civil law jurisdiction and the procedure for setting up open-ended investment companies would be less cumbersome than in other Member States. It is only rarely that an EEC Directive does, in fact, provide Gibraltar with an opportunity to expand its finance centre activities and in the view of the Finance Centre Group, Gibraltar is already missing the opportunity to a very large extent of participating in what could be an important growth area. The Government has considered the representations from the Finance Centre Group and believes that we ought to give some priority to providing for open-ended investment companies by amending the Companies Ordinance before the end of the year although I should say that the legislation will not be brought into operation until there is adequate regulation and control over collective investment schemes. In this respect the House will wish to know that work is in hand with the preparation of proposals for legislation to control all forms of collective investment schemes and financial intermediaries which will take account of the UCITS Directive which needs to be implemented before the 1st October, 1989. I think I could identify four main areas. This is a highly technical matter but I could identify four main areas in which our existing company law which, as Hon Members know, is in need of revision anyway, would not allow, as the law now stands, open-ended investment companies to be set up. I think the first point is the question of redeemable shares and this is essential to the whole feature of an open-ended investment company as, indeed, it would be for a unit trust which is on a slightly different basis. At the moment the Companies Ordinance does permit a company to issue redeemable preference shares, there is no problem about that but such shares can only be redeemed at the option of the company as the law now stands. In other words, the legislation doesn't allow for the redemption of shares at the option of the shareholder and that is quite an important feature of an investment trust. The second point is that, again, as the section 46 now stands, the redemption price including the premium payable on redemption, must be paid either out of profits or out of the proceeds of a fresh issue of shares and this doesn't permit the use of the share premium account for that purpose. Those two features in themselves make it impractical to establish an open-ended investment company in Gibraltar. Furthermore, the Ordinance doesn't provide for premiums received on the issue of shares to be transferred to a share premium account. In normal company law, as I am sure Mr Mor will know, if shares are issued at a premium then the price which is additional to the nominal value of the shares goes into a share premium account but historically restrictions have been placed on the use that can be made of the funds which are in the share premium account. With an open-ended investment company you wish to remove those restrictions so that the use can be made of the money in the share premium account for the issue and redemption of subsequent shares. It is a liberating measure in that respect. A fourth feature

is the question of prospectuses. Section 35(1) of the Ordinance provides that every prospectus issued by or on behalf of a company must state the matters specified in Part I of Schedule 3 and paragraph (6) in Part I of Schedule 3, in fact, requires particulars to be given as to the amount payable on application and allotment on each share and details of each previous allotment made within the preceding two years. An open-ended investment company will normally issue two prospectuses. The first will relate solely to the initial offer of shares during an initial subscription period and this is normal in company flotation. But after the initial subscription period is closed the company will issue a further prospectus relating to the continuous offering of its shares. There will be no difficulty in registering the initial prospectus in Gibraltar, as I say, that is common form, but in the case of the continuing prospectuses it will not be possible to comply with the requirements of paragraph (6) of Schedule 3 as the amount payable on application and allotment will clearly vary from one dealing day to the next because it is based on the net asset value of the company. With a publicly quoted company, of course, the value of the shares in the company will go up and down in much the same way as any other shares of any other publicly quoted company can go up or down. We are not necessarily here talking about a publicly quoted company but the same principle, in theory, would apply except that it wouldn't be the view of the market, the price would fluctuate depending on the underlying net asset value. In theory, of course, the two should be the same, the market view of the net asset value but it is never like that with a publicly quoted company. As I say, it would be impossible for the company to register what is called a compliant prospectus in Gibraltar and hence the need for legislative changes.

HON J BOSSANO:

Could I ask the Hon Member one question? Am I right in thinking that this would, in fact, be public companies and not private companies because it would be offering a prospectus inviting everybody to invest, is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir. The amendments proposed by what I think will be the new Clause 8 of the Bill are essentially as follows: to enable shares to be redeemed at the option of the shareholders; to require that the terms of redemption must provide for payment on redemption; to require that the amount of profits to be transferred to the capital redemption reserve fund must be equal to the nominal amount of the shares redeemed; to permit the premium payable on redemption of shares to be provided for either out of profits or out of the share premium account before the shares are redeemed; to require the cancellation of shares redeemed and to provide that the redemption of shares under the section shall not

be taken as reducing the company's authorised share capital. That is a fairly obvious proviso, I think, in the circumstances. Then, finally, to require premiums received on the issue of shares to be transferred to a share premium account and also to prescribe the use of such an account. We haven't actually come to Clause 9 of the Bill, Mr Chairman, because I have only moved Clause 8. Perhaps I should, en passant, that Clause 9 of the Bill will modify the requirements of paragraph (6) in Part I of Schedule 3 to the Ordinance in relation to open-ended investment companies regarding the matters to be stated in a prospectus relating to a second and subsequent offer of shares.

HON M A FEETHAM:

Mr Chairman, the Hon Financial Secretary has made reference to a Directive and I wonder whether he could make available to me a copy of the Directive he has referred to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, certainly.

Mr Speaker then put the question which was resolved in the affirmative and new Clause 8 was agreed to and stood part of the Bill.

New Clause 9

HON FINANCIAL AND DEVELOPMENT SECRETARY:

May I move that new Clause 9 as already circulated and to which I have referred, Mr Chairman, also be inserted in terms of the notice which I have already given to Members. This refers to the requirements in the prospectus.

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

New Clause 10

HON A J CANEPA:

Mr Chairman, I beg to move that the following Clause be now inserted after new Clause 9 of the Bill: "10. Section 241(1) of the principal Ordinance is amended as follows:- (a) by deleting the expression "£200" from paragraphs (b) and (c) of the section and inserting therefor the expression "£800"; and (b) by deleting from paragraph (c) of the section the words "during two months" and inserting therefor the words "during four months".

Mr Speaker then put the question which was resolved in the affirmative and new Clause 10 was agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Companies (Amendment) Bill, 1987, with amendments, has been considered in Committee and agreed to and I now move that it be read a third time and passed.

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

SUSPENSION OF STANDING ORDERS

HON J BOSSANO:

I wish to move the suspension of Standing Orders to enable the House to consider a motion which I have circulated a few minutes ago. I regret the lack of notice but matters have been rather precipitate since the reasoning for the motion first arose. I consider that, in fact, the matter under question is one which cannot be debated effectively in December because of the timescale in which these things are being decided and, certainly, from the point of view of the Opposition, we have information available to us yesterday as a result of an hour long meeting with Mr Ratford which we didn't have prior to yesterday and which we have only discussed last night and consequently we ourselves have not been in a position to propose bringing the matter to the House with any prior consideration because, as far as we are concerned, there was nothing new to consider prior to yesterday. From our point of view, the meeting with Mr Ratford did bring new material which we feel we should be making public and we feel we should be making public in the House as the appropriate forum to do it and we think there are compelling reasons for not losing the opportunity that we are afforded by being here to debate this matter.

HON CHIEF MINISTER:

Mr Speaker, I heard about this about quarter to eleven from the Leader of the Opposition who was quickly drafting the motion. I would have thought that since this is so substantial there might have been a little more time given. I appreciate the question of the time element. I am not prepared to accede to the thing being suspended and be dealt with now because, first of all, I have got to look at the motion much more

carefully and having just glanced at it I see that historically there is an error in the first paragraph which I propose to correct. But, anyhow, I am not going to go into the merits of it but I appreciate that the matter is important and should be debated before certain events could take place but certainly not today. I am accordingly prepared to offer that the matter be discussed next Tuesday at 11 o'clock. That, first of all, gives us an opportunity to look at the implications. Having said that I don't mind it being discussed I think it is a bit of a cheek on the part of this House to say that we endorse what the people have endorsed that we have done so that after the whole of Gibraltar has been out making certain views, to say now that we agree with the demonstration seems a little naive, if I may say so, or perhaps politically convenient. But, be that as it may.....

HON J BOSSANO:

We are having a debate now, Mr Speaker.

HON CHIEF MINISTER:

No, we are not debating it now. If that is the attitude the Hon Member takes then, of course, the answer is we will say that it is out of order and we are not prepared to agree but I am trying to be accommodating and I want to make things clear, too. Therefore I am saying that I am prepared to allow the suspension of standing orders for the matter to be debated next Tuesday at 11 o'clock, for that purpose and that purpose only and we will adjourn after that. I hope that there won't be another suspension because this House has already been adjourned twice. I am quite prepared to do that and I appreciate that a denial of the suspension of Standing Orders would prevent the matter being debated until December by which time events will have already taken place and I do not want to prevent anything from being discussed in this House that is of importance to Gibraltar. Certainly, I would not do it and certainly not after yesterday's demonstration.

MR SPEAKER:

My only comment is that since we are going to adjourn until Tuesday there will be no need to suspend Standing Orders because five clear day's notice will have been given.

HON J BOSSANO:

Could I just make a point, Mr Speaker? The Hon Member, obviously, is better informed than I am of the timetable of these things. I am assuming that he knows that nothing is going to happen between now and Tuesday.

HON. CHIEF MINISTER:

I had in mind the Ministerial meeting at the end of the month. Whatever else happens is, to my mind, of little consequence after yesterday. This is just another aspect of the broader matter which has already been covered, it is a nicety that you want to add to it. I don't know anything more than the fact that it is well known that the Ministerial meeting is at the end of the month and I consider that that is the essence why anything to be debated on that matter should be done before then. I now move that the House adjourn to the 17th November at 11 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 17th November, 1987, at 11 am.

The adjournment of the House to Tuesday the 17th November, 1987, was taken at 11.15 am on Wednesday the 11th November, 1987.

TUESDAY THE 17TH NOVEMBER, 1987

The House resumed at 11.10 a.m.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move that:

"This House -

1. Endorses the demonstration of Tuesday 10th November, 1987, organised by the Gibraltar Trades Council and supported by all the representative bodies, the group known as "Action for Gibraltar" and overwhelmingly by the people of Gibraltar as a whole
2. Considers that the freely and democratically expressed wishes of the people of Gibraltar as endorsed by the same demonstration are:-
 - (a) that no concessions should be made to Spain on the airport
 - (b) that Her Majesty's Government should not conclude an agreement with the Government of the Kingdom of Spain for the joint use of the Gibraltar airport.
3. Fully supports the views and wishes of the people of Gibraltar and calls on Her Majesty's Government to make them and the text of this motion known to the Government of the Kingdom of Spain".

Mr Speaker, you will recall that I sought to suspend Standing Orders on Wednesday last week, the day after the demonstration and, in fact, the Hon and Learned Chief Minister instead proposed that we should meet today to give the Government time to consider their position to the motion and in the knowledge that nothing dramatic was going to happen in the intervening period. Of course, we all know that nothing dramatic has happened in the intervening period not even last night because, in fact, we do not know anything now that we didn't know a week ago. Perhaps it might have come as a surprise to some other people but certainly the position as put before the demonstration by Mr Ratford to the Opposition of which I gave a public explanation last Friday in an interview because I felt I should share the information I had with the people since it was a matter that was put to us without any restrictions on confidentiality, we were free to say, that position is the position of which Her Majesty's Government's representative in the negotiations tried to convince us about by reference to the supposed benefits that would derive from a deal sharing the use of our airport with Spain. Before I deal with that I think I

would like to place on record the position as we understand it in respect of paragraph No.1 although, quite frankly, I believe that we should not get drawn into a debate about paragraph No.1 because I believe that the people of Gibraltar want leadership from this House on paragraph No. 2 of the motion and not on paragraph No.1. Both the Hon and Learned the Chief Minister and myself have had correspondence addressed to us from both the Trades Council this morning and yesterday from Action for Gibraltar and I think all I would like to do is to share the information that I have with Members opposite of what I know took place. I think it is important to understand that, in fact, the six individuals that are publicly known to have been the driving force in setting up Action for Gibraltar are, of course, all members of the Trades Council. They are all Government civil servants, five of them are members of GGCA and one is a member of ACTSS. So it isn't that we are talking about two organisations which have got nothing to do with each other, we are talking about six individual trade unionists who decided that it looked as if nothing was going to happen and though that they should come out publicly, as it were, setting the ball rolling and I think that was their intention, I have no doubt knowing the persons concerned myself as I do, that they were acting from the best possible motives with no intention other than to ensure that the moment did not go by and there was no public expression from the people reflecting what we all know to be the mood of Gibraltar on this issue. It is also interesting, Mr Speaker, I think, to be aware of the fact that, as I said, not only were five out of the six members of the GGCA but, in fact, the GGCA was the proposer of the motion in the Annual General Meeting of the Gibraltar Trades Council on the airport issue. That is the source, the impetus has come from the same quarter both for Action for Gibraltar and for the Trades Council. That is, the initiators of the policy of the Trades Council on the use of the airfield were the GGCA. The motion was moved by the GGCA at the Annual General Meeting and was carried unanimously by the 39 delegates representing the seven unions that make up the Trades Council. The Trades Council met on the Thursday before the visit of Mr Ratford and at that meeting the group Action for Gibraltar approached the Trades Council and asked the Trades Council to give it support. That is to say, they were saying to the Trades Council: "Will you support a demonstration we are trying to organise?" But at that stage what Action for Gibraltar was planning to do or seeking support for was a demonstration to meet Mr Ratford on arrival at the airport. That was what was proposed to the Trades Council by Action for Gibraltar. The Trades Council told Action for Gibraltar that although they fully agreed with the sentiments they didn't think that that was the right way to do it because the Trades Council was already scheduled to meet Mr Ratford on Tuesday, the proposal from Action for Gibraltar was for a demonstration on Monday. The Trades Council told Action for Gibraltar that they were already planning to call out their own members in support of the policy passed at the Annual General Meeting

and with a view to giving a back-up to the memorandum that was going to be handed to Mr Ratford at 10.30 on Tuesday morning and that the idea was to convene a meeting outside The Convent to coincide with the handing of the memorandum. That was the position of the Thursday before and Action for Gibraltar was told that within the constitution of the Gibraltar Trades Council member unions could only be asked to instruct their members to leave their places of work in pursuance of a policy directive of the Trades Council. That is to say, that the Trades Council could not put itself in the difficult position of creating a precedent that today it might be Action for Gibraltar and tomorrow it might be Action for Housing who could come along and say to the Trades Council: "We think the Government isn't doing enough houses so we want the Trades Council to call everybody out on a demonstration to persuade the Government to build more houses", and that therefore the Trades Council considered that there was an identity of purpose between what Action for Gibraltar wanted and what the Trades Council was already planning and rather than do one demonstration on the Monday by Action for Gibraltar and one demonstration on the Tuesday by GTC, in fact, the two things should be brought together. Since Action for Gibraltar was concentrating on seeking public support by the collection of signatures and by appeal to all sectors of the community, since the Women's Association, both political parties represented in this House had come out in favour already and, in fact, at a later stage the Chamber of Commerce and the Indian Merchants Association also did, it was clear that there was a situation where the Trades Council could concentrate its efforts through its own union machinery at places of work and it was left to Action for Gibraltar to distribute leaflets to people, to collect signatures and to go round Housing Estates with equipment provided by the Gibraltar Trades Council. Clearly, there was no conflict of interest, conflict of purpose or people working at cross purposes although there were a number of changes of plans since the Trades Council met on the Friday, on the Saturday, on the Sunday and on the Monday updating the situation partly because the result of the response that was coming back clearly showed that original plans could not be carried through without a fairly chaotic situation developing. That is to say, what the Trades Council was finding as a result of the response over the weekend was that having originally planned for the demonstration to be consisting of two groups, for example, one coming up Main Street from the north area and the other one coming up from the south area via Referendum Gates, that such was the response from people even just from the Trade Union side, that that situation would have created a bottleneck with two massive demonstrations meeting head on at The Convent and then not being able to move in other directions. So the logistics, the planning and the movement of people was constantly being updated. At the end of the day it involved the provision of fifty buses to move people around. I think, clearly, the organisation was provided by the Gibraltar Trades Council but I think it is also correct to say that the size of the demonstration would not have been as great without,

in fact, the impetus given to it by Action for Gibraltar. I think if there had been two separate demonstrations then it would have been a less effective way of expressing the sentiments of the people. Again, I think it is clear that the petition on which the signatures were collected which simply said that there should be no concessions on the airport which is virtually the same as clause 2(a), clearly, are not in conflict with what GTC was saying although GTC's own memorandum was more specific. And the programme which, unfortunately, did not get fulfilled, for reasons that we all know, was that once the whole demonstration had filed past The Convent and Mr Ratford had seen for himself just how great the support for it was, it would have then been dispersed at Alameda Parade after the Gibraltar Trades Council President had addressed it, explained the policy of the GTC in the context of the memorandum and then gone off to The Convent to give the memorandum to Mr Ratford while the meeting at Alameda Parade continued where it was due to be addressed by Mr Mick Martin who is, in fact, the National Secretary for Airports in the United Kingdom and who has got a professional knowledge of the air liberalisation deal as such and was also coincidental in Gibraltar on a conference organised which the Tourist Office kindly gave a lot of assistance to, and stayed behind especially in order to be able to address that meeting and to say to them that on behalf of the National Executive of the Transport and General Workers Union the stand of the Gibraltar Trades Council and, indeed, of the people of Gibraltar as a whole was fully supported by Trade Unions in UK as we expect that we shall be finding out from other unions who are being approached by their own local branches here to support the stand that we want taken on this issue. Given the magnitude of the task I think the whole thing with retrospect can be seen to have been carried out remarkably well and there were very few hiccups really at the end of the day although it didn't go perfectly because it is very difficult to produce a plan and to carry it through to perfection. Therefore, I would say that at the end of the day we do not wish to be deviated from the main task before the House by any controversy as to who gets more or less credit in this thing and, secondly, I would endorse fully the last paragraph of the letter of Action for Gibraltar to the Chief Minister and myself that we must not do anything ourselves in this House, Mr Speaker, to destroy the feeling of unity. If I may quote from the last paragraph of the letter signed by the six people who organised the group initially, saying: "Finally, we would implore elected Members in the House of Assembly not to destroy the feeling of unity that today is alive in Gibraltar. It is the people who are to be congratulated for dispelling the previous air of apathy that engulfed our island and for supporting you" - that is us - "on that day". So I would say we endorse fully those sentiments and we do not want to say or do anything in moving this motion that can bring about the diminution of the strength of the position that we achieved last Tuesday. We believe that last Tuesday's response from the people of Gibraltar was historic. We believe that the people of Gibraltar came out last Tuesday as they came out in the 1967

Referendum with the same feeling. I think, perhaps, the regrettable thing is that not everybody outside Gibraltar is today as they were in 1967. The people of Gibraltar have not changed our spots in the twenty years that have gone by and I believe we won't change for a very long time to come if ever and I think that is the clear message that needs to go out. We can be wooed till the cows come home and we'll still be the same, Mr Speaker. I recall that in a previous motion on this subject the Hon Mr Canepa said that one of the disadvantages of being a political leader in a small community such as ours is that you cannot escape your constituents when there were problems but that one of the advantages was that you cannot be remote and distant and unaware of their feelings. I am sure Hon Members opposite have been stopped on the way here as many times as we have this morning by people who are already wanting reassuring that nothing has changed from last Tuesday. I don't think Members opposite need to be persuaded by us that whatever organisational element there was in the demonstration of last Tuesday if the feeling of the people had not been there the people would not have responded the way they did. You can ask people to come out of work and if people don't feel themselves in their own hearts a strong feeling on the issue then instead of going to the demonstration they disappear home, that is the reality of it. The organisational work was there but the feeling was genuine, spontaneous and a true reflection of what Gibraltar feels and we are Gibraltar's Parliament and because we are Gibraltar's Parliament we cannot speak a different voice, we can do nothing whether it pleases Her Majesty's Government or whether it pleases the Government of the Kingdom of Spain or whether it pleases the European Community or the United Nations, at the end of the day we are the organ that speaks for the people of Gibraltar and we must not, I believe, Mr Speaker, ourselves in this House give up that responsibility and let the fight be carried on by the Trade Union Movement or by anybody else. It will certainly be carried on by somebody else if it isn't carried on by us. I believe it is right that we should do it. I believe that the primary task of this House is not simply to pass legislation but on fundamental issues such as this, to show that we are totally united as our people are totally united above party differences, above trade union differences. If the Trade Union Movement spends most of the time quarrelling with each other about poaching each others members, can close ranks on this issue, surely we can do the same. Therefore, is it that we are being unreasonable in saying that there should be no concessions made to Spain on the airport? Are what is on offer concessions? Is it right to call them concessions or is it just practical things about people having their baggage taken over the other side of the frontier without going through customs and without going through immigration? Are these just peripheral minor details or are they concessions? Well, I think the answer is very simple. What we are being subjected to is sheer unadulterated blackmail, there is no other word for it because we have got a legal right to something, that is not in dispute, that

was defended by Her Majesty's Government in Luxembourg in July and in this House we applauded their stand, we congratulated Her Majesty's Government for being very clearcut and very firm and saying to the Government of the Kingdom of Spain and to the other Member States: "Gibraltar is a regional British airport like any other one and the air liberalisation must apply to Gibraltar like it applies anywhere else and nobody else is being asked to make any sort of special bilateral concessions to get it". So what we are saying is in order to get what is ours by right we have to pay a price so that we are not left out illegally. That is the real situation. Other people exercise EEC rights in Gibraltar which a lot of the population of Gibraltar are distinctly unhappy with. Spain came along and said on the 1st January, 1986: "I am entitled to the same pensions as you are paying local pensioners under EEC law" and we didn't say: "And what are you going to give us in exchange?" We said: "If that is what we are required to do by law that is what we are required to do by law". And we are constantly debating in this House the degree to which we implement or do not implement directives. We don't go round saying to other people: "Well, if I am going to implement the directive what concessions are you giving me for implementing the directive?" It is quite simple. If we are entitled to have flights from Frankfurt to Gibraltar then why should we do a bilateral deal on a second terminal, on joint use, on a Spanish air zone or on anything else to be allowed to have a flight from Frankfurt to Gibraltar and if it is good to have flights from Frankfurt to Gibraltar and it is going to enhance our position and be so good for the development of the Finance Centre then, clearly and manifestly, it is a greater good to have it without concessions than with concessions for the very simple reason that if we have a flight from Frankfurt to Gibraltar with 100 Germans on it and one gets out at the Gibraltar Terminal and 99 get out at the other one, then we stand to gain less than if the 100 get out on our side and then 99 of them are bused to the other side on our coaches by our companies with our workers paying our taxes and our insurance. Clearly, we are far better off by entering the air liberalisation deal without giving anything up which we are entitled legally to do and that must be the clear position that we must take whether we win at the end of the day or we don't win at the end of the day will depend on the degree to which we can persuade other people of our view or the muscle we are able to lever on the situation. But what we must not do is to make it an internal quarrel and fight each other because there is no need to do it. There is no need to do that and we must not allow ourselves to be put in that situation and I can assure the Government that if they can see their way to supporting this motion they will be able to count on the loyal Opposition, on this occasion without qualification, we will be loyal in act as well as in name, Mr Speaker. Thank you very much, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion as moved by the Hon J Bossano.

HON CHIEF MINISTER:

Mr Speaker, I am very glad and, indeed, that was our intention, to deal with this motion on the basis of our own views and on the basis of how we feel about it irrespective of what anybody else may say. And whilst it is true that there was a television appearance by the Secretary of State which when passed into script we will have to consider very carefully and react very carefully as to certain matters that have been said and perhaps welcome others, I am glad that there has only been a passing reference to that because, as far as we are concerned, we come here with a policy that was decided on Sunday night by Ministers and when we had no idea, in fact, I had no idea until about midday yesterday that there was going to be an appearance on television by the Secretary of State. The timing of it and the way it was done is a matter for those who have organised it, I would like to say that I have had nothing to do with it at all. If anybody thought it would help, it is anything but a help insofar as this debate is concerned. I would like to reiterate that therefore our reaction to this motion and the way in which we propose to deal with it was decided by Ministers from seven o'clock on Sunday evening irrespective of what anybody else may say. I am also glad that there has been a reference to the question of bickering that there has been because I think there has been criticism of the bickering, whoever may be at fault but I am not going to analyse that because that would be bickering itself. But there has been criticism from the people about the bickering that took place subsequent to the demonstration and I therefore feel and I would agree with the Leader of the Opposition that we should try and attempt to do what the last paragraph of the Action for Gibraltar letter says, that we should avoid that and certainly we will do nothing against that idea. But, of course, we have a duty because we were involved in this matter, we have a duty to state the facts regarding the demonstration, as the Leader of the Opposition has spoken at length, how we saw it. I think, with respect, it matters little that the six members were members of the Trades Council or not because, of course, they were people who were mainly workers or employed people, according to the union, but that, of course, did not make them representatives of the Trades Council and therefore, I think, that there is something there which has to be put right as I said the first time that I saw the motion. In a different context because it has a bearing on the results of the demonstration, I have to go into some detail of what I thought and I think and I think I was right, in demonstrating for and that is that when I was first approached on the question of the demonstration I was told that its objective was to support the stand previously taken by the elected Members of the House of Assembly on the question of the airport. In fact, I saw the draft letter that was going to be delivered by Action for Gibraltar - I was going to say AG but since the Attorney-General is not here I want to avoid confusion - by the Action for Gibraltar Group that this would be the message on the petition which they intended to organise. That was the way

it was presented to me by two of the members of the Group asking for my support and the support of my colleagues. And the idea as it was told to me was to impress upon Mr Ratford who is the leading British negotiator with the Spaniards at official level and who reports directly to the Secretary of State and who had come to Gibraltar precisely to assess public opinion for himself, that there was very strong feeling in Gibraltar on this issue and that virtually the whole population agreed with the resolutions on the airport adopted by the House of Assembly in the past. As we all know the objective was fully achieved and I have no doubt that whether it was sooner or later, Mr Ratford will have been impressed and will have reported accordingly and, in fact, we do know, as a matter of fact if it has derived any benefit out of the interview last night that the Secretary of State said, that he had studied the petition very carefully and he was conscious of what had happened. On Monday of last week I learned that the message on the petition for which the Action for Gibraltar Group was collecting signatures had been changed to one of no concessions. I contacted representatives of the Group and was told that by doing this they would be able to use on the banners in the demonstration a short and snappy slogan. In addition, there is, of course, a general feeling in Gibraltar that concessions should not, in fact, be made. I think we should consider exactly what that phrase means, in a way because I agree with it literally and absolutely insofar as we are all adamant in our view that no concessions on sovereignty should be made in respect of the airport or the isthmus or in any other matter. But we want to make quite clear and we make no apologies for it, that we want to pursue, if possible, the question of the practical use of the airport in our own terms in the way that will best benefit Gibraltar and if the question of no concessions means that there can be no agreement that would not impinge on the sovereignty or the joint control of the airport then we feel that that must be clarified and, as I say, that must be clarified in the result of the text, when it is considered, of the Secretary of State's interview yesterday. It is against this background, particularly on the issue of sovereignty or joint control that any agreement in respect of which would, in fact, clearly represent a concession that I was able to march in last week's demonstration behind the banner of 'No concessions' and it is on that basis that I am fully supporting that element of the motion before the House. I think that this is perfectly proper, in explanation of votes as is done in many places because it is important that people should know where people stand. My colleagues and I admire the motives which led a handful of our young men to organise a petition and demonstration, the skill and hard work with which they achieved their objectives and the manner in which virtually the whole population took part. I think these elements should also be included in the motion not as an endorsement, both sides endorsed the demonstration by attending it, but as an expression of appreciation. The talks on the airport have been going on for over two and a half years and during that period there has been extensive correspondence between London and Gibraltar and there have

been numerous meetings with senior FCO officials and with the Secretary of State. I will be able later on because of the disclosures that the Secretary of State has seen fit to make, on another occasion and precisely because we don't want any intervention in this House and we have to look at it on the merits of our own performance, that I am not going to deal with those but I can assure Members that when they see the on-going representations that we have made, I am not going to say that they will subscribe to everything that we have said but that they would not be unpleasantly surprised to put it at the lowest. That is to say, we have been fighting as much as possible within the context of our relationship with Britain, we have been fighting against what we consider to be matters that might impinge on sovereignty throughout. We have also to be careful that we have to ask Britain what we think is reasonable to expect ourselves and we expect them to do, not only the Government but the British/Gibraltar Group and whoever supports us, we have to make sure that our interests are safeguarded and that our representations are well-founded. We have the right to tell Britain what we feel and Britain has the duty to take this into account. Britain has the responsibility for the conduct of our foreign affairs and also the responsibility to advise us on possible consequences. Britain has to do this and if we think that the way it is being done is not to our liking we have to tell them. That is the way in which we can keep a dialogue going and defend our interests well. As to the motion, the first paragraph of the motion I said earlier that I thought it should be amended and I propose to move an amendment which covers the whole but Members should not be surprised, I think, they will find that in some respects I have strengthened the motion. I have not touched on the subject of the demonstration. I have left that untouched and I have added something which I think will be useful. Anyhow, in due course I will explain it and Members will know. But despite what has been said, first of all, I think that that should be amended to remove the sort of endorsement of what has been done to endorse what we do and I think the original thought behind the petition was itself to endorse the stand taken by the elected Members and we cannot go on endorsing each other for what we do. Secondly, the first paragraph of the motion as it stands refers to the Gibraltar Trades Council having organised the demonstration and being supported by all the representative bodies including the group known as 'Action for Gibraltar' and by the people of Gibraltar as a whole. Without in any way attempting to minimise the efforts made by the Trades Council I think, historically, the matter is slightly different as has been clearly explained in the letter from the group itself from which the Hon Member has quoted the last paragraph. But I do not want to go into that because I think that is the last thing that they would like us to do and that is to carry on the bickering. But facts are facts and we must put the information we have in its proper perspective in this House. My information, as I said before, borne out by the facts known to the whole community as is, in fact, reflected in the letter to which the Hon Member has referred, is that Action for Gibraltar Group not

only conceived the petition and the demonstration but, in fact, drew up the petition, organised the collection of signatures at the Piazza and in the Housing Estates and approached first the Gibraltar Trades Council very properly and then other representative bodies. I understand that the Gibraltar Trades Council had considered and it is confirmed by the letter we have received this morning, even requested meetings of the representative bodies but not to organise a demonstration. Let me say that the request which was made to me by the Chairman of the Trades Council when they sought out an interview was to call a meeting of the representative bodies. The question of the demonstration was not then mentioned as the minutes of the meeting will show. I don't want to be controversial but the facts I think should be made clear. I then said that the calling of representative bodies for nothing else than to write a letter and so on had to be carefully chosen in order to make sure that it was convened when there was some danger. That is really my response and that is something that my meeting with the Trades Council of which there are minutes will reflect. What the Group was seeking in approaching the Gibraltar Trades Council, as I understand it, and other bodies was for all of these to organise and stimulate the attendance of as many of their members as possible and therefore I will be moving an appropriate amendment to the first paragraph of the motion in this respect. As to the second paragraph of the motion I have already explained my interpretation of the word 'concession' in the present context and my use of this word in the amendment which I shall be moving to the second paragraph has to be seen against the background of what I might call, I have already described, as explanation of votes. With regard to the second paragraph, I don't think that the approach should be to interpret the wishes of the people of Gibraltar, I think that that has been done by the people themselves, but to state the views of the House as stated on previous occasions and as supported by the demonstration. My view on the third paragraph of the motion is similar, it is not for the House to support the views and wishes of the people of Gibraltar in a situation in which the people of Gibraltar are supporting the resolutions of the House. Mr Speaker, the amendments I propose are that all the words after the words "This House" be deleted and should be substituted for the following: "(1) applauds the initiative of the Action for Gibraltar Group in organising a petition and demonstration on the question of the airport in support of the stand taken by the House of Assembly and thanks the Gibraltar Trades Council, the representative bodies and the thousands of persons who signed the petition and participated in the demonstration". I think that these are not controversial words and this really is not bickering but purely, as I said the other day when I saw the motion for the first time, in my mind it was historically incorrect. "(2) reiterates the views expressed by this House in the resolutions adopted on 25 March and 16 December, 1986". That is a necessity if we are going to do justice to the people who conceived the demonstration. "(3) calls on Her Majesty's Government not to conclude an agreement with the Spanish

Government, on the question of the Gibraltar airport, which would involve any concessions being made to Spain or which would lead to, any form of joint control of the airport". The 'joint control of the airport' is to my mind much more fundamentally important than the question of the joint user which would not be joint user but could be cooperation in a way that is acceptable to us. I do not think that we should close the doors if resolutions of the House of Assembly are going to be properly respected and influence opinion we have to make sure that we are asking for what we can support and what derives quite clearly from the commitments which are contained in the Constitution. I move accordingly, Mr Speaker.

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

HON J BOSSANO:

Mr Speaker, it seems to me that the position of the Government which was decided on Sunday didn't just continue irrespective of what Sir Geoffrey Howe said last night, I think it has continued irrespective of what I have said this morning because I don't see any reflection in this of the argument that I have put in the House that when we are entitled to something if we agree to a bilateral agreement with Spain which gives them in exchange for being allowed to have what we are entitled to, a concession then that is a concession although it may not be a concession of sovereignty. It is still a concession because we are paying a price for something we are entitled to have for nothing. That argument which I have used this morning has been totally ignored by the Government, as if it had never been put and, in fact, what this amendment does, as far as I am concerned, is to reflect entirely the view put by Mr Ratford before the demonstration when he arrived as put to us. That is to say, as I explained on Friday Her Majesty's Government without any motion from this House has already decided that they are not prepared to concede control of the airport because the RAF is against it anyway so even if we passed a motion here saying "We agree to joint control" there would not be joint control, our colonial masters have already dictated otherwise, Mr Speaker. Either we are being serious about where we stand on this issue or we are playing silly games, one of the two. Obviously, we are not against the position of the Government to say 'we don't have any form of joint control'. We are in favour of not having any form of joint control except that it doesn't go far enough, that is as far as the British Government is prepared to go. The people of Gibraltar go further than that. The Hon and Learned the Chief Minister is mistaken in reading the signals of public opinion if he thinks that people in Gibraltar would be satisfied with having a situation where on the 7th December the price for being allowed to enter under the EEC liberalisation agreement is that we have flights from Madrid to Gibraltar which are not

under anybody's control but which land in Gibraltar and are treated as domestic flights, as I have explained on many motions before, the people of Gibraltar do not want that.

HON CHIEF MINISTER:

If the Hon Member will give way. I think that we can save time in the argument because I reserved the position on the modalities and I said that when the record was made public of the attitude that we had taken on matters of that nature they would be seen to be against that kind of arrangement completely and that is on record. What I didn't want was, precisely as I said at the beginning, to get involved in an argument on last night's performance. I think that we may have another motion here on that sometime but I think the answer may be different. The answer may be, as far as we are concerned and as I say, because the issue has been raised in public, we will no longer be bound to confidentiality on whatever advice we give on what has been said in public and therefore we will stand by our record and by what we do. Nothing in the motion that I have said in any way accepts any kind of deal. What we say as we are prepared to consider ways which having regard to the views of the people of Gibraltar, we are prepared to consider ways in which better and more profitable use can be made of the airport for the benefit of Gibraltar. I would like to say that that is not an endorsement of anything that they say about joint use. We would have to see that. I can say now that the Government of Gibraltar has not agreed so far to any kind of agreement at the airport different to what there is on now. I can say that firmly. On the other hand, I have said and I am not afraid to say that I will look at any agreement or the Government has to look at any proposed agreement on the merits of it, how it affects Gibraltar, how it affects our commitment, how it affects the airport, how it affects sovereignty and how it affects the people of Gibraltar. I would like to make that clear.

HON J BOSSANO:

I welcome that clarification from the Hon and Learned Member because, in fact, in his original contribution in moving this amendment by constantly referring to the question of sovereignty and to the question of the motion previously carried by this House in December, 1986, he was giving us the wrong impression, Mr Speaker, because in fact as I mentioned, I think publicly, when we met Mr Ratford - I am not referring to what Sir Geoffrey Howe said last night - when we met Mr Ratford we had a situation when we were with him one hour and twenty minutes and in the course of that hour and twenty minutes he mentioned about ten times joint control and joint use and then went on to say 'and the British Government will never agree to joint control'. And then he went on to say 'joint control and joint use' and then again 'and the British Government will not accept joint control'.

By implication he was saying they would accept joint use and then he said that the British Government fully supported and stood by my motion of December, 1986, upon which statement I said to him could he point out where I had gone wrong in December, 1986, if they were so enthusiastic about my motion of December, 1986, which he fished out of his file and obviously had at fingertips and he pointed out that there was the word control. Obviously in December, 1986, we said that the airport should remain under the sole control of the British Gibraltar authorities. What we cannot have is a situation where the British Government plays semantics with full stops and commas and individual words because whether we call it control or whether we call it use what the people of Gibraltar want is crystal clear. I accept that the position of the Government is that they will look at any proposals that are put in front of them. I am not saying to them they mustn't look at it, it is their prerogative to do that if they think that they shouldn't discard something without considering the merits of the thing. Fine, but my concern is that the message of this House should appear to be a less strong message than the one we sent a week ago. Although, I think, what the Hon Member has said just now, in fact, makes the content stronger than would have been obvious from reading it, what I don't want, Mr Speaker, is that we face a situation on the 30th November where we then have an agreement that has been concluded on the question of Gibraltar which in the opinion of those concluding it, and not necessarily in our opinion, that is, in the opinion of the Gibraltarians ...

HON CHIEF MINISTER:

Or of ours.

HON J BOSSANO:

Yes, of the Gibraltarians including the Members opposite who are also Gibraltarians. In the opinion of all of us ...

HON CHIEF MINISTER:

For a longer time, some of us.

HON J BOSSANO:

And I hope the Hon Member may be so for many, many more years. But it seems to me that it is conceivable because we have had this situation before on other aspects where there has been a situation where the advice of the Government of Gibraltar has not been accepted by Her Majesty's Government who, effectively, have said they knew better. It happened with the frontier guard where the Hon Member had to come out publicly saying his advice had, in fact, been disregarded in this respect. Are we saying in this motion that they must not conclude an agreement which will not involve concessions

being made to Spain with the qualification that concessions means concessions on sovereignty where it will be in their judgement whether there is concession of sovereignty or not. Are we talking about a situation where provided they retain control of the Gibraltar airfield which satisfies them there is no concession of sovereignty even if, in fact, what is allowed to come out of their control is then described not as control but as use and then by definition because it is use and not control it doesn't have any implication of sovereignty? I don't think the people that came out with placards and Union Jacks and Gibraltar flags where, in fact, saying they were supporting the motion of December like the Foreign Office does because it was about control but they wouldn't have come out if the motion had been about use. That is a complete misrepresentation of what the people of Gibraltar have said. What they said quite clearly is that they want the status quo to remain and they want greater use. There was a phone in on this by GBC and everybody that rang up and was asked by GBC: "Are you objecting to Spanish airlines using Gibraltar?" Everybody said "No, we are not objecting". We have said so on many occasions ourselves, they are welcome to come here any time, they want. They can all come here, Lufthansa, Sabena, Iberia, the lot, but they land in our country on our terms in our airport. Fine, and then if they need to have a situation where the passengers having landed in Gibraltar decide to go somewhere else, they go somewhere else and if we cannot have it on that basis we don't want it, it's quite simple. And in any case if they decide to leave us out of the liberalisation agreement we then challenge the legality of being left out because we have not been willing to make concessions which we have no need to make. It is important, Mr Speaker, that it has to be understood that if the Government is supporting the motion with their redraft on the basis that any concessions being made to Spain means any concessions on sovereignty and that the only thing that they are against is anything that would lead to any form of joint control, then that is open to subsequent interpretation and it then becomes a question of value judgement. In whose view is a concession being made on sovereignty? In whose view would it lead to joint control? In the view of the Government of the day or in the view of the House of Assembly or in the view of the British Foreign Office, in the view of whom?

HON CHIEF MINISTER:

Perhaps you might deal with paragraph (2).

HON J BOSSANO:

I think paragraph (2), Mr Speaker, first of all, the motion of the 16 December, 1986, to which I have already referred is the one which the Foreign Office is so enthusiastic about. Mr Ratford carries the thing around with him.

HON CHIEF MINISTER:

Well, alright, let him carry it, I don't mind.

HON J BOSSANO:

Obviously, it doesn't inhibit his room of manoeuvre in the least because he was for an hour and twenty minutes trying to persuade us of the bonanza that we were going to get by going along the road that he thought was necessary. The man was quite explicit, Mr Speaker, and he said, as we have always understood the case to be - 'There is not going to be a deal unless every side is prepared to make concessions. In any negotiation people must be prepared to give and the situation is that there could well not be a deal because what we are willing to give so far is insufficient to satisfy Spain'. Let us be clear. It is reassuring to learn from the Hon and Learned Member that the views that they have put to the British Government to date, in fact, in reference to immigration and customs control are consistent with what the public opinion of Gibraltar is demanding, that there should be no weakening of those controls at all and it is reassuring to know that he is doing that. But, in fact, what Mr Ratford was saying is that on that issue the British Government has already indicated to Spain that they are prepared to move independent of the views that the Hon and Learned Member may have put but Spain is not willing to settle for as little as that, that is the position. I agree with the Hon Member that we can be grateful to our colleagues across the road that they have stopped the deal so far but suppose they become more reasonable or suppose the British Government wants more. Where does that leave us? Are we then stuck high and dry and do we then have a row in Gibraltar with one side of the House defending the deal and the other side of the House attacking it? That is not the road we want to follow, we don't think that is good for Gibraltar and we don't think that we can afford the luxury, forget bickering, we cannot afford the luxury of being fundamentally divided on this issue because if we are divided we will be conquered. At the end of the day, Mr Speaker, let me make clear that the GSLP's position will be that they will pursue the course of action of opposing a deal together with all the rest or on their own. We have got a clear mandate ourselves from our own supporters of what is expected of us, we are very clear. Let me say as well and I am sure that I am not telling Members opposite something they don't know, that I have had reflected to me an equally strong feeling on that issue from rank and file members of the AACR, people that I have known all my life and people who feel equally strongly so it isn't that at grass roots level, as far as I can tell, the people who support the governing party and the people who support us feel differently and therefore it is important that we should not be appearing in this House to, in fact, be taking fundamentally different positions and I think the qualification of the Hon and Learned Member when he spoke just now in interrupting me, quite frankly,

is more important than the actual amendment itself because I don't think the amendment reflects that qualification even with the reference in clause (2) to the previous resolutions because the British Government clearly is able quite happily to live with the resolutions that we have passed before because perhaps the technical drafting of it has left one loophole which they as experts can pinpoint and slip through what they would like us to accept. Let's be clear, they are, in fact, and Mr Ratford came here undoubtedly to do an exercise of persuasion which he obviously failed to do. He certainly failed to convince us, I would have thought he failed to convince the Government, he manifestly failed to convince the people of Gibraltar, no question about that one. And the people of Gibraltar, I think, in looking to our reaction today in this House expect from us a reaction which will take us forward from where we were on Tuesday and not, in fact, leave us where we were on Tuesday or, even worse, take us back. Frankly, we would not vote against this, all that we can do with this is what we have done before when we have brought other motions which in our view start off saying one thing and finish off saying something else except that on this occasion the only thing that it started off saying that is still there is "This House". We can do one of two things on this matter, Mr Speaker, either we abstain or we can try and reach agreement with the Government on a joint position on this matter. If the Government is not prepared to take the line because for us the crucial deletion is the removal of 'joint use' from paragraph 2(b) of the original motion, Mr Speaker. Quite frankly, the rest of it, the motion doesn't say 'concessions on sovereignty'. The Hon Member in his opening paragraph said the concessions he understood to be made on the question of sovereignty and on the question of control but we are saying that joint use may, in the opinion of Her Majesty's Government according to Mr Ratford, not have implication for sovereignty, in the opinion of us and in the opinion of the people of Gibraltar it does. Therefore, if the Government itself so far has been resisting the definitions of 'joint use' that have been put in front of them it must be because they are more suspicious of it than the Foreign Office itself is or would like us to be. If the Government were able to accept any form of joint use or perhaps any form of joint use is perhaps too wide a definition so rather than have 'any form of joint control and the joint use of the airport'. I think we would much rather, Mr Speaker, have a situation where the motion is carried unanimously because it is strengthened if the Government is clear and fundamentals were in agreement, than that it should be carried by a Government vote and an abstention on our part. Obviously we are not going to vote against it because, as I say, if we are not even in favour of joint use by definition, ipso facto, we can hardly be in favour of any form of control, logically. Perhaps if we can have some indication from the Government otherwise we can ourselves move an amendment and debate the amendment.

HON CHIEF MINISTER:

I would like to make it quite clear that the Government has got a bigger responsibility than the Opposition in this matter because ultimately we finally have to give our advice on this matter. And whilst I have expressed my feelings quite clearly and how we feel about matters which are more or less the same as the others, I have said and I have to stand by that, that I will be prepared to look at any kind of arrangements, and I won't call it joint use, I think the joint use definition lends itself to quite a number of different interpretations, it has a bad meaning and it could not have a bad meaning. I say that it has a bad meaning but it need not necessarily have but I want to get away from that in order not to appear not to support the positive side of what we think or rather the side that we don't like about it but we cannot and, I think, it is not in the interest of this House, in fact, if the Hon Member says that in respect of the last resolution that they were appearing to living with it, well, I don't know how they can live with this in the eyes of what is happening if, in fact, they want to respect it. What we have to be sure about is that our resolutions are such that we don't put ourselves out of our own court in getting them to refuse them or to ignore them and that is why the strength of what we decide in this House, I agree, is greater if we can have unanimity and we would like to do that but we have to have, as far as we are concerned and I don't make any apologies for this, as far as we are concerned we have to have an open mind as to what might or might not be acceptable as to what could happen at that airport well knowing, well bound by this resolution and by all the statements that I have made both here and to the British Government. So there is no lessening of our stand but we have a responsibility to allow the British Government to put proposals to us that we might consider and might be of interest and perhaps even might be of interest to the other side. I have always said that any ideas, and this is sometimes misinterpreted in other respects, any ideas on this matter that would be of interest to Gibraltar and which will not impinge on any of the principles to which we hold ourselves so strongly, has to be considered. The Government, in our view, cannot bind or rather will not successfully bind, I will put it that way, and we would lose credibility, we cannot successfully bind the British Government from exercising its own judgement and putting it to us about matters in connection with the airport. What we do not want is to reach a stage where decisions are taken which are against what Hon Members opposite and we feel are not acceptable and are taken over our heads. That is what we have to be careful of and in being careful about that we have to make sure that we do not close all the doors to the possibility of coming to something that is acceptable and is good for Gibraltar. If it is good for the other side, just as well.

HON J BOSSANO:

I think, Mr Speaker, the position is clear. I think there would be little to be gained by redebating the whole issue by moving any further amendments and we shall be abstaining on the Hon Member's amendment.

HON A J CANEPA:

I am going to speak once, Mr Speaker. I would like at the outset of my contribution to express my heartfelt thanks and associate myself with the remarks of appreciation for the organisers of the demonstration of last Tuesday and the resounding success of the petition. I think that if there had been any hint of the demonstration and/or the petition being organised on a party political basis it would simply not have had the enormous success, in my view, that it actually achieved. What I am saying is that if we, the Government party, if we in the AACR had been behind that organisation or if we had been the instigators of the demonstration it would not have achieved the success that it did or for that matter if the Hon Members opposite, if their party, the GSLP, had been similarly involved again we would not have achieved the tremendous success which the people of Gibraltar as a whole achieved. I say that mindful, for instance, of the difficulty, and I am not making the point in a derogatory sense, but mindful of the difficulty which Hon Members opposite had in collecting signatures at the time of the Brussels Agreement, I don't know whether it was finally after a couple of weeks or so that they achieved a total of about nine or twelve thousand, I think it was of that order, as against the sixteen thousand signatures achieved over a very wet weekend and I think that success was indicative of the spontaneous and uninhibited fashion in which the people of Gibraltar as a whole were able to respond and rally to the call. Mr Speaker, the Hon Mr Bossano in his earlier contribution made a remark, I found that I could express my sympathetic response to virtually everything that he was saying but there was a phrase that he used near the end which I would like to turn somewhat. He said 'we can be wooed till the cows come home but it will not change our feelings'. Well, we are not being wooed until the cows come home, we are being antagonised until the cows come home except, of course, that the cows which used to be there on what is Spanish neutral ground many years ago when I was a child are no longer there, there is something else in its place. But perhaps it is just as well because our friends across the way seem to be incapable of wooing us and therefore if there were ever to be a countdown, as it were, it would not be reckoned from the start of restrictions in 1964 or from the end of restrictions in 1985 but, in fact, the clock is being put forward all the time and we are always reckoning from a current date and therefore the new generation that is growing up in Gibraltar today feels just as strongly as the generation that was growing up at the height of the restrictions about matters to do

with the stand that we are taking on Gibraltar and on our future. Mr Bossano in his second contribution, speaking on the amendment, said the amendment of the Chief Minister reflects entirely the view put to Hon Members opposite by Mr Ratford. I really don't see how it can do that, Mr Speaker, when the resolution adopted by the House on the 25th March, 1987, in the first paragraph, and I quote, says: "Should proposals be put forward in connection with greater civilian use of the Gibraltar airport which might, in the view of the Gibraltar House of Assembly, make it possible to represent or interpret such use as being an encroachment on British sovereignty over the isthmus, such proposals would be unacceptable to this House and to the people of Gibraltar". That is what the House, in my view, was saying on the 25th March about joint use. This is how we saw that, in fact, we didn't use the phrase 'joint use' we spoke about 'greater civilian use'. Then in the second motion of December, 1986, we went on to say: "That any flight from or to any foreign country should be governed by the rules applicable to international flights". In other words, we want to see flights arriving at Gibraltar from destination points from Spain being treated as any other international flight and perhaps all along the use of 'international use' would have been a far better phrase to use than 'joint use'. I don't see that if we keep in mind that we are reiterating these motions, that we are in any way reflecting the view of Mr Ratford, quite the contrary. But the crux of the matter perhaps might well be in whose view, whose interpretation? And, undoubtedly, and this is where perhaps it is rather sad though not entirely unexpected, undoubtedly, the ultimate view is that of the Foreign Office. It is their interpretation on whether there is any infringement of sovereignty and not the interpretation of Members of this House which appears to be the deciding factor. We, in the motion of March, 1986, spoke about 'such proposals being unacceptable to this House and to the people of Gibraltar' and the British Government may well turn round and say: "Well, ultimately it is British sovereignty that we are talking about, we have got sovereignty over Gibraltar and over the isthmus and if we are satisfied that that interpretation cannot be put on the arrangements, then we are perfectly satisfied and it is not for you to be the final arbiters on the matter". I deplore that view if that is the case. I think that we are the ones who are living here, ultimately Gibraltar is ours de facto regardless of what the de jure position might be but this is the difficulty that we have, I think this is what we are up against. I think that the Chief Minister's amendment covers the point about joint use that Mr Bossano is not very happy about because of the fact that the motion previously approved by the House is being reiterated and we laid down the constraints that we wanted to see on any greater civilian use as being in line with the normal rules applicable to international flights and that therefore there should be no special arrangements of what might be joint use. In other words, I think what the House had in mind was that if there were international flights to Gibraltar from other points, say, Frankfurt or Brussels or Zurich, is the British Government going to enter

into special arrangements for joint use with Brussels and with Germany and with Switzerland or is it that it only does so in the case of Spain because Spain happens to be next door? This, I think, really is the fundamental problem that we are faced with. Sir, I am not going to allow this opportunity today of not taking issue with Sir Geoffrey Howe on two points where I feel that I cannot wait, where I feel that I have a captive audience and I am entitled to express my disagreement with him at least with regard to two points that he made. And that is, in the first place, I disagree with the Secretary of State's interpretation as to who are passengers in transit. I have no doubt in my mind that passengers getting on a flight in Madrid that flies to Gibraltar and then those of them that were to then take a flight Gibraltar Airways on to Tangier then it would be in transit, I have no doubt about that. But what I do not think, I do not agree, are passengers who are in transit are those who were to get on in a flight in Madrid, alight at Gibraltar and go on to Sotogrande by land or go on to Sotogrande by sea, for that matter. Those people, in my view, are not in transit and I think that the argument is being stretched in an unacceptable manner. If you fly from Gibraltar to Gatwick and then two hours later you are going to get at Gatwick a flight that is going to take you to Strasbourg then arrangements will be made for your luggage, your luggage will not have to go through customs. But if you get off at Gatwick and go on to Heathrow in order to go to Geneva you are going to have to pass through immigration and customs at Gatwick and then after you go on to Heathrow you are going to have to pass through customs and immigration at Heathrow. Those passengers are not in transit therefore. So I quarrel with the Secretary of State about that and when he draws the parallel of Basle and Geneva where there are those arrangements, yes, at Geneva Air Terminal you can either get off in Switzerland or in France and I think the arrangements are similar about Basle but, of course, the essential difference is that the French and the Swiss and the French, and in the case of Basle the Germans, do not have on each other claims about the sovereignty of the land on which the airport at Basle or about the land on which the airport at Geneva is built. Again, that is a difficulty and I am saying that today because I have told Mr Ratford that I disagree with him, I told him twice last week. The Secretary of State then went on also, he made a remark very early on - I have the full text here of yesterday's interview, it was transcribed last night and this morning - he said: "I fully understand the strength of anxiety and feeling about this and I have studied, of course, the petition and I have studied the resolutions of the House there so I understand all the feelings that have been strongly expressed". With all due respect to the Secretary of State, I don't think he understands the strength of feeling in Gibraltar last week or today on the matter, he doesn't. And he talked about being cool, we have got to keep cool, it is very easy to keep cool in London, you have no choice but to keep cool in London but the situation is far different here in Gibraltar. Therefore, Mr Speaker, he doesn't understand the feelings

or the mood of the people that took part in the demonstration and I am not just talking about those whom one could describe as the more militant people because it is extraordinary the number of people and the kind of people that felt that they should form part of that demonstration. People of a quiet disposition who, perhaps, have never taken part in a demonstration of that nature before in their lives but who are very worried, very anxious and very concerned that nothing should be done at that airport that would undermine in any way the struggle of the last twenty years and the fight that we have been putting up with. Then the Secretary of State in answering the same question, went on to say: "And at the same time I think it is important to understand the prize that we are trying to work for Gibraltar" - prize with a 'z' - "which is moving into a future as a financial centre, as a tourist centre, where defence expenditure, where aid expenditure is running out". Of course we want to see expansion of Gibraltar as a financial centre and of course we want to see a development of the tourist industry but what we don't want, thank you, is that it should be at the expense of something else. That it should be at a price - with a 'c' and not with a 'z'. This is what the people of Gibraltar are not prepared to have and, again, I told Mr Ratford last week that if the people of Gibraltar were to be given a choice as between unacceptable concessions at the airport in order to have flights from all these far-off places and, undoubtedly, flights from Zurich and Frankfurt would be of great benefit to the financial centre and if we were to be able to have flights from Gibraltar to Madrid and other airports in Spain, again, it would be of great benefit to the tourist industry. But if the choice is between that which is going to bring about a better standard of living but an unacceptable sacrifice on our part, then I have no doubt that the answer of the people of Gibraltar is 'No, thank you, we don't want it, we are happy with the way that the financial centre is going' and if there is going to be retrogression in the economy, if there is going to be a lower standard of living it is a price that we have paid in the past and if it comes to the crunch I think the people of Gibraltar are prepared to pay that price again. During the twenty years of restrictions we paid the price in economic terms, undoubtedly we were taxing ourselves more heavily than what we had to, undoubtedly we didn't enjoy as high a standard of living as we could have enjoyed if the frontier had been open and we also paid a price in that the quality of life in Gibraltar within our confined area was not what it is today when people have the normal aspirations of any human being of the expansion for recreational and for touristic purposes of the Spanish hinterland. But that is where I quarrel with the Secretary of State in that there does not seem after all that we have said, after all that they were told last week and the message has been communicated, I don't think that anyone can be in any doubt that the Secretary of State on television last night was extremely well-briefed. He was absolutely up to the date. He knew about the programme on Spanish television the previous evening 'En Portada' when Señor Ordoñez had used the phrase

'active patience'. The Secretary of State was extremely well-briefed but there does not seem to be a full appreciation, a full understanding and a full response to the essential views and aspirations of the people of Gibraltar which are that our self respect, our dignity count above all and that we do not want to see concessions made which are going to be interpreted, which are the thin edge of the wedge, and which are going to be interpreted as concessions on the sovereignty of the isthmus on which the Spaniards take a very peculiar view as against the view that they take about Gibraltar generally under the Treaty of Utrecht. I support the amendment of the Chief Minister, Mr Speaker, because it is stronger in sum total, I think, because it includes and it reiterates the motions that have been passed in the House previously, in spite of my reservation about the interpretation that is put on them because the problem can arise again, it can happen again. I feel sincerely that the amendment in sum total is stronger than the original motion and if Hon Members opposite cannot see their way after that explanation to voting with the Government then I think that we will have gone back, the position generally would be weaker than what it was last Tuesday whereas if we were to be able to agree to pass the motion unanimously then, in spite of whatever interpretation is put on the motions that we pass in this House, seen from the point of view of the people of Gibraltar we at least within Gibraltar would feel that we have not gone a step back but that we have, indeed, maintained the position so I would appeal to the Hon Members opposite to try and give the matter every consideration.

HON M A FEETHAM:

Mr Speaker, certainly I would like to follow up from where the Hon Member has left it.

MR SPEAKER:

You are going to speak generally, are you?

HON M A FEETHAM:

I am going to speak on our motion. Let me say that it was clear from our meeting with Mr Ratford that the whole object of the exercise of Mr Ratford's visit was, as my colleague has already said, a very subtle form of intimidation of the people of Gibraltar through their elected representatives aimed at achieving a deal which the British Government feel, from their point of view, they can at the end of the day through their own manoeuvring make the Government of Gibraltar, the Opposition and the people accept as being mutually beneficial to the people of Gibraltar and the Campo of Gibraltar. Let me explain exactly what I mean by this viewpoint. First of all, it is a fact that the air liberalisation agreement has been under discussion for two years at least. It was a proposal which was initiated by

Britain and all along Britain have been maintaining the only view and the only position that they could maintain and that was that we in Gibraltar under the legal terms of our membership of the European Community are lawfully entitled to be in that air liberalisation agreement. Having therefore maintained that position and at no time Spain vetoed that position because they are not entitled and haven't got the power to veto that position because no Member State has got the right to veto anything which goes against the Treaty of Rome which makes up the European Community, legally we are entitled to form part of that agreement. If we look at that agreement in the context of Gibraltar today what will it achieve? It will achieve expansion and development for Gibraltar which will be unprecedented in the whole history of Gibraltar, and as a result of that development and expansion which will take place by liberalising air fares and introducing flights it will mean that Gibraltar will once again retain the position it had before the frontier closed where we were the servicing industry for the Costa del Sol and the result of that will be that we would benefit and the whole of the Campo de Gibraltar will benefit because we would be servicing the whole area and consequently the effect of that deal, Mr Speaker, is that we would be entitled to 100% of the effect in economic terms of being part of that liberalisation agreement. From a position of achieving maximum potential we are accepting by conceding any form of joint use or concessions whereby we are allowing transit traffic as defined by Sir Geoffrey Howe to enter Spain, we are putting ourselves in a position of lowering that maximum potential for Gibraltar from 100% to 20% or 30%. The message is that we are losing 70% of that air liberalisation agreement and that is what concessions mean for Spain. They are going to gain 70%, we are going to lose 70%. And it is very simple because whereas now we are providing services, those services would increase if we went ahead with the agreement but if we didn't go ahead with the agreement as envisaged, all these services would be provided by the other side. I have compiled a list from memory overnight and one could then be talking about fuel, aircraft handling, passenger taxes, duty free shops, restaurant facilities, aircraft catering, banking, car hire, taxis, coaches, travel agents, importers, tobacco importers, perfume importers, all those things, Mr Speaker, would be provided by the people of Gibraltar and all those things would be lost. Not only that but, of course, they would get also what they would get with us if we had that agreement, 100% benefit, they would still get the expansion because hotels will be built and it is only natural. If we are expanding the airport in Gibraltar that would be of mutual benefit to the people across the way. That is what we have to analyse in economic terms if we are not talking about the question of sovereignty. Should we or should we not give up maximum potential of the development of the area through Gibraltar? That is what we should be discussing. Therefore when we are faced with the attitude of Mr Ratford and the Foreign Office during the recent visit one gets the distinct impression that we are being put in a tight corner in Gibraltar strictly for appeasement of Spain because it is

a necessity to follow that policy because there are very large commercial social and political reasons in the national interest of Britain and Spain that not one side or the other should lose faith in this on-going process of discussion. Therefore the aim is to let one side or the other off the hook. In my opinion it is just to have a face-saver for Spain at our expense but when it comes to other considerations, Mr Speaker, when it comes to the consideration of the role of NATO and military aspects, Britain stands firm and it is only logical that they should stand firm. Spain is in the eyes of Western military considerations not a stable contributor, it is not a full member of NATO and so on so Britain will always stand firm on the military aspect but everything else is on play because the national interest of Britain is more important than the people of Gibraltar and that is what we have to stand firm on if we are going to stand firm once in our lifetime, together, both sides and the people of Gibraltar as expressed in that demonstration, that is what we have to do. Therefore the message that Howe gave to us yesterday which we weren't going to deal with but it has been raised by the Hon Member opposite, was that we have to toe the line because Britain knows what is best for us and since they are responsible for foreign affairs they are the ones who will not listen to our advice and discuss it with us and come to an agreement, they will tell us what is good for us. That is why there is a difference in approach between both sides of the House. We, on this side and this is, perhaps, characteristic of us, try to make sure that whatever we bring to the House is tightly knit because it is a fact that the British Foreign Office are experts in untying knots and coming out of sticky situations and putting the blame or the responsibility on others. One distinct message that we got was, for example, and the Hon Member was opposite when we had dinner with Mr Ratford at the Deputy Governor's residence where on being questioned by some members at dinner the first thing he said was: "I am surprised that there hasn't been enough dissemination of information for the people of Gibraltar. Why is all this a surprise?" Of course, the Hon Member opposite, Mr Canepa, said: "What do you mean, not enough information, you haven't even wanted to meet the press. You haven't given any information, how can we, the Government of Gibraltar, be informing the people if we are bound by confidentiality and you are not prepared to inform the people of Gibraltar". Therefore they will, when they are in a tight corner, ensure that somebody else takes the responsibility for it and that is why we will stand by our motion because the people of Gibraltar are quite clear. Concessions in any form, and it is a concession to lose a 70% or 60%. The Hon Member is witness to the fact that at that dinner I asked Mr Ratford: "You are trying to sell to the lawyers" - because there were mostly lawyers at that dinner - "that it is good for the Finance Centre" and, clearly, from the nods of one or two of them, our colleague there is a witness, they were agreeing that it was good for the Finance Centre. But what he couldn't answer, with respect, was the question that I asked him: "Well, if it is good for Gibraltar's tourism and Finance

Centre, can you as our negotiator quantify in real terms how good this deal is for the people of Gibraltar as a whole, if we are going to lose out on what we have got already?" And of course, as a negotiator and I would say a very poor one at that, he certainly didn't have any figures in real terms how much a worker in Gibraltar would benefit by this deal in the long term. He didn't, he was there to sell something to get Britain off the hook, to get Spain off the hook and to keep the negotiating process going which has been going round in circles for the last twelve months, that was his role here. Of course, we have to make it clear, we have to keep the impetus and we have to make it clear that nothing which we have a right to should be given up. Having said that, I say it with the greatest sincerity, it is my opinion and the opinion of my colleagues that if the air liberalisation agreement goes through and if the Gibraltar airport expands as it naturally will do, it would not only be of the greatest unprecedented benefit to Gibraltar but it will be of unprecedented benefit for the Campo de Gibraltar and further afield and therefore if that is so important, if Spain considers that the development of this area is so important to the 25% of unemployment there is on that side, they should agree if they have the interests of their people across the road at heart, the welfare and economic benefit that they will derive, they should agree to go along with the air liberalisation agreement, not veto Gibraltar and accept the realities of the situation and not try to make political capital out of a situation which will be of great consequence for their own people as well.

MR SPEAKER:

Are there any other contributors?

HON J E PILCHER:

Mr Speaker, I would like to intervene in the motion but seeing it is almost one o'clock.

MR SPEAKER:

You are going to be much longer?

HON J E PILCHER:

Certainly much more than five minutes, yes.

MR SPEAKER:

We will then recess until this afternoon at quarter past three.

The House recessed at 1.00 pm.

The House resumed at 3.30 pm.

MR SPEAKER:

I believe that Mr Pilcher wanted to contribute to the debate.

HON J E PILCHER:

Mr Speaker, in contributing to the motion, I am speaking on the amendment to the motion. I think it will be my only contribution but I have to reserve my position in case I wish to speak later on.

MR SPEAKER:

You are entitled to and I will most certainly take note of what you say.

HON J E PILCHER:

Mr Speaker, first of all, I would like to comment on the amendment moved by the Hon and Learned the Chief Minister and in doing so I would like to analyse the reasons why the Gibraltar Socialist Labour Party brought our initial motion to this House. I don't want to go into any lengthy explanations of this because this has been covered, I think, to a point by the submission of the Leader of the Opposition and also by my colleague Mr Feetham, but I think I have to say quite clearly that the reason why the Opposition brought this motion to the House was as a clear result of our meeting with Mr Ratford at The Convent on Tuesday morning. Obviously, in doing so it also was as a direct result of the mass demonstration by the people of Gibraltar in response to both Action for Gibraltar and the Gibraltar Trades Council, something which I will seek to amend during my contribution, but as I say, precisely because there was an element in our discussion with Mr Ratford which we felt was quite clear and that was, Mr Speaker, that the British Government were looking at the joint use of the airport. It is also true that when the House was adjourned last week the Leader of the Opposition did ask the Hon and Learned the Chief Minister whether in his opinion there would be anything important that would happen between then and the discussion of the motion today. And we all know, Mr Speaker, that there was last night a television interview by Sir Geoffrey Howe, which one has to take into account. I do not believe, Mr Speaker, in political coincidences. There is no way that I am going to believe that the fact that last night some ten or twelve hours before this House was due to meet, the Foreign Minister of the United Kingdom Government gives an exclusive interview to Gibraltar Television without realising that he was doing so in advance of a motion that was going to be tabled in this House of Assembly today.

HON CHIEF MINISTER:

Will the Hon Member give way? I hope that he is not implying that when I said that nothing would happen between then and today that I knew that the Secretary of State was going to speak last night.

HON J E PILCHER:

That is certainly not my intention, Mr Speaker, and if that is the impression I want to clear it up. What has happened is that, obviously, Sir Geoffrey Howe wanted to ensure, after last night's interview, that he left us in the House of Assembly in no doubt as to what was going to be the United Kingdom's position on this. Mr Speaker, in so doing I think he echoed - well, he didn't echo because, in fact, Mr Ratford is supposedly his echo - but in so doing he echoed what Mr Ratford had been saying to us in The Convent a week previously. And there is no way that certainly the Opposition party and we consider we are a responsible Opposition, were going to come to today's House of Assembly meeting, Mr Speaker, without taking into account what Sir Geoffrey Howe had said and therefore it was to a point illogical to me that the Hon and Learned Chief Minister said in his initial contribution that what Sir Geoffrey Howe had said was a matter to be looked at in the future and perhaps there will even be motions in the future. I think that is what he said. We, Mr Speaker, called an emergency meeting of the GSLP Executive last night and we spent until about two o'clock in the morning analysing what Sir Geoffrey Howe had said and to us it was very, very important because Sir Geoffrey Howe made a lot of very important comments in his interview. He certainly made the comment which has been made at various intervals during the whole of the discussions over the Gibraltar question and that is his commitment to honour the wishes of the people of Gibraltar, particularly on the question of sovereignty, that is obviously to be expected and we agree and thank the British Government for continuing to honour our wishes. But after having said that he went on to make a lot of what we consider very important points and although he was evasive in some of his answers he certainly made a lot of clear comments to very clear questions. When he was asked: "Are you definitely looking for a deal?" His answer was: "Yes, we are definitely looking for a deal". The comments made and the transcript of the interview will certainly show that because I have just spent some half an hour checking again the video which I have at home, Mr Speaker, so it is, in fact, said so clearly there - "Are you definitely looking for a deal?" The answer was: "Yes". He also made a lot of important points, Mr Speaker, as regards hidden points which I think he threw out to the people of Gibraltar and to this House to make sure that we understood how the thing was being viewed by the British Government. Hence one of his comments which is a purely, I suppose, innocent comment but which certainly is a comment which highlights the situation we are today. He said: "aid expenditure and defence expenditure

is running out". I think that is a clear pointer that the defence expenditure and the aid expenditure will be very, very heavily scrutinised by the British Government if the people of Gibraltar don't do what it is that they have been asked to do. He also mentioned the famous words which are now being changed slightly and it gets changed depending on the mood and depending on the terminology, we are now calling it what the Spanish are now calling it "active patience". It was the wooing process, the process of osmosis, now it is being called "active patience". And he said quite clearly: "We want the people of Gibraltar and the people of Spain to be working for a future increasingly together". Again, Mr Speaker, quite a clear message to the people of Gibraltar and to the people of Spain that, as far as the British Government is concerned, the future of the people of Gibraltar lies increasingly with the future of the people of Spain, Mr Speaker. He also said quite clearly: "Our proposals are to seek a basis on which we can achieve joint use", a quote from what Sir Geoffrey Howe said. "Our proposals are to seek a basis on which we can achieve joint use" and he went on to explain what 'joint use' meant to him - management of air traffic control, management of the airfield, management of the people, that is where he used his famous 'in transit'. He spoke about all these things and he elaborated slightly on some of them like, for example, the in transit situation for passengers coming to Gibraltar and he said after all that: "It's perfectly reasonable to give it to them". In fact, he asked "Isn't it?" to Mr Golt. He said it is a perfectly reasonable thing. Then he said: "If we want to achieve what is good for Gibraltar" and this, Mr Speaker, I think I am to a point also mentioning what the Hon Mr Canepa said this morning, if we want to achieve what is good for Gibraltar, this is exactly the same as we said to Mr Ratford in The Convent, how do we define 'we', who is the 'we'? If we want to decide what is good for Gibraltar then this is the forum where we decide it. If 'we' meaning 'they' want to decide what is good for Gibraltar then 'we' meaning 'they' will decide it there. That is the difference, Mr Speaker. I think the British Government continues to treat us, Mr Speaker, as if we were young kids who cannot decide for ourselves where our benefits lie. He continued to talk about, and it was mentioned by the Leader of the Opposition this morning, the flights from Frankfurt for the financial centre, the flights from tourist resorts for a boom in tourism, and on the other hand, he mentioned the fact that being left out would mean, perhaps, not such a big boom for Gibraltar and his comments on the aid expenditure and defence expenditure. The point is it is up to us, Mr Speaker, to decide what is good for us. We will decide what is good for us. We told Mr Ratford "We will decide", the people of Gibraltar, by 'we' I am not talking obviously about we in the Opposition, I am talking about we in this House and the people of Gibraltar will have to decide what is good for them and not what happens to be good for Sir Geoffrey Howe or for any UK Government or Spanish Government, Mr Speaker. I think that is the point that we have to make in this House today. He also spoke for the first

time, at least for the first time that I have heard it, of their commitments to Spain. He mentioned it various times, their commitment, the commitment of the British Government to Spain. The commitment, I think he mentioned quite clearly, to negotiate and to him after two and a half years of negotiating on the airport it was time now for those negotiations to come to an end. Obviously, the end would be a deal. I am mentioning all these factors, Mr Speaker, because they are factors to be taken into account when we have to decide here today what position we are going to take on the motion in front of us and the amendments in front of us and what I hope will be an amendment which I am going to move at the end of my contribution, Mr Speaker. I want to pick up a point that the Hon Mr Canepa said because he spoke of the value of the prize - prize with a 'z' and in looking at the prize with a 'z', I immediately remembered the programme of the night before, on Sunday night, the programme "En Portada" in Spanish television which ended by saying "Whilst we are talking of sovereignty the Spanish Government will continue to talk". I think that is the prize that Spain is interested in, the prize being the sovereignty of Gibraltar and we are quite clear that to allow any deal to go through that will give an inch will eventually undermine the position of Gibraltar. This is what Sir Geoffrey Howe doesn't seem to understand and I think I voice what the Hon Mr Canepa said this morning because he sidestepped well the question asked by Clive Golt on the difference between the fact that there is no crisis between France, Switzerland and Germany in the bilateral agreements that they have at each airport but there would be a tremendous difference in Gibraltar because the airport which obviously they are talking about is an airport which is part of our little piece of the world which Spain wants to take over. I think that is an important point which Sir Geoffrey Howe does not understand and I think the British Government doesn't understand. The Spanish Government certainly understand it. Having said all this and having painted a very clear scenario last night, Sir Geoffrey Howe then mentioned that he understood the feeling and the mood of the Gibraltarians. I don't know how he could understand the feeling and the mood of the Gibraltarians after having said something which went totally contrary to what the 16,000 Gibraltarians were saying in the demonstration and what the fifteen elected leaders have been saying in the past and I hope will say so today here in this House of Assembly, Mr Speaker. But what was slightly more confusing, to me certainly, was that it appeared that the Hon Leader and Chief Minister of Gibraltar didn't understand it either. In his contribution this morning he said that as far as he was concerned, when he was holding on to the banner of 'No concessions' he meant no concessions on sovereignty. If that is what the Hon and Learned the Chief Minister thinks that the people that were coming behind him were saying, I dare say to him, Mr Speaker, today that he was wrong. The people of Gibraltar were saying 'No concessions, period'. The people of Gibraltar were saying 'No concessions at all, no Spanish aircraft entering into Gibraltar air space as if it was Spanish air space, no international flights to Gibraltar as if it was a Spanish

airport, no national flights from Spain, no customs control, no immigration control' and I can go into a list of things that the people walking behind Sir Joshua Hassan in that mass demonstration were saying and that is not that there should be no concessions on sovereignty, that was that there should be no concessions at all. If Sir Joshua believed that this was what he was doing in front of the demonstration, he should have made it clear to the people of Gibraltar there that his leadership in that demonstration meant that what he was saying was 'No concessions on sovereignty, the other matters could be discussed'. Mr Speaker, the Hon and Learned Chief Minister sometimes forgets that there was a sequence of events leading up to the demonstration which, in fact, negate the no concessions on sovereignty because the reaction to that mass demonstration by the GTC, by Action for Gibraltar, by whoever it was that organised it, was a reaction to the article in 'El Pais' which was afterwards agreed to by the British Government as an accurate report of what had happened in the negotiations. And it was that that the people of Gibraltar were saying 'No' to, it was those negotiating ploys, it was those proposals that the Spanish Government had put on the negotiating table that the people of Gibraltar were saying 'No' to and those, Mr Speaker, were not concessions on sovereignty, they were all those things that Sir Geoffrey Howe last night was saying on television that he was prepared to give the Spanish Government. There was, Mr Speaker, as far as we were concerned, a clear conflict between what the people of Gibraltar had said clearly in the demonstration which we hope we have captivated in our motion, to what the Hon and Learned Chief Minister was saying in his watered down motion. But, of course, whilst he was watering it down, he was saying to us that it was a stronger motion. It was this spontaneous rally behind the elected leaders of Gibraltar, Mr Speaker, that was the key for us to understand what really was happening in Gibraltar. I believe firmly, Mr Speaker, that what we say in Gibraltar last Tuesday was a reaffirmation of the referendum in Gibraltar. I honestly believe that if last Tuesday we would have had a referendum instead of a mass demonstration the result would have been the same last Tuesday as it was in 1967, twenty years after. And it will be the same, and this is the message clear to the British Government, in twenty-one years' time, in forty-two years' time, in sixty-three years' time and in as many multiples as they want because I know what I feel, I know what my children feel, I know what my father feels and it is exactly the same. The wooing or 'active patience' process does not work because the Spanish Government are incapable of patience, anyway. In fact, I was very moved, Mr Speaker, because sometimes when one is inside a demonstration it is difficult for one to assimilate the immensity of the thing. One is in one's sort of little particle and people are shouting around you but you cannot feel the immensity of the thing. When I watched it on television afterwards I was moved by the immensity and when people started saying 'We say no' the immensity of that was to me quite clear and particularly the phraseology used very

ably by the Gibraltar Broadcasting Corporation when they said "Gibraltar has spoken". Gibraltar spoke last Tuesday but a week later nobody seems to have paid the slightest bit of attention to it. The British Government certainly hasn't, the Spanish Government certainly hasn't and from what I, at that stage this morning after the intervention of the Hon and Learned the Chief Minister, I was afraid that the Government of Gibraltar hadn't heard the message either, that was my position up to that moment, Mr Speaker. When I looked at the amendment, Mr Speaker, you could - if I may use the phrase - you could drive a juggernaut through this amendment, Mr Speaker. What Mr Ratford was saying to us last Tuesday, what Sir Geoffrey Howe was saying to us yesterday clearly is not in conflict with this at all. It wasn't a week ago, it wasn't today and it won't be in ten day's time when the two Foreign Ministers meet. They can drive any agreement through this. Obviously, they will have to drive it through the Gibraltar Government but that is not the point. The point is if we pass this amendment or this motion, this is what the House of Assembly of Gibraltar will be saying and I think this, Mr Speaker, is clearly not what the people of Gibraltar said, as far as we are concerned, and therefore this is why we said this morning that there was no way, obviously we couldn't vote against this but we couldn't support this amendment either because we felt it was a weak amendment. I was thinking to myself this morning, Mr Speaker, sometimes a Spanish phrase which we use which was "Se le ve el plumero". That is what I was thinking when I was sitting here, "Se le ve el plumero". I honestly felt that this was another cosmetic exercise to allow a door to be kept open just in case we weren't able to convince the British Government that it wasn't in our best interest to strike a no deal over the airport and they forced it down our throats. I felt very hurt when he said that this was doing justice to the people of Gibraltar. This amendment, Mr Speaker, does not do justice to the people of Gibraltar, it does not do justice to the 16,000 people that demonstrated outside this House of Assembly waiting for us to leave and adjourn the House and, certainly, to the 16,000 people that walked down Main Street to The Convent. This amendment, Mr Speaker, what it does is clearly make it easier, leave a door open, it does justice but to the British and Spanish Governments to be able to concoct a deal which is not in direct contravention to this amended motion of the House of Assembly.

HON CHIEF MINISTER:

Will the Hon Member give way? Perhaps he might address himself to the second paragraph. Is he saying that the resolutions of the House of Assembly mean nothing at all on which we have been relying for so long?

HON J E PILCHER:

I will lead up to that, Mr Speaker, but obviously the clear answer to that is Sir Geoffrey Howe last night obviously felt that what he was doing was not in contravention of the motions of the 25th March and 16th December because if not there would have been a reaction immediately by the Government of Gibraltar or there should have been. I do not feel that what he is doing at this moment is in direct contravention to the motions passed on the 25th March and the 16th December nor does the GSLP and that is why we brought this motion to the House which sought to close the door on joint use, Mr Speaker. What seemed to worry the Hon and Learned the Chief Minister which is what has been worrying him now for a long, long time and I wish he would learn from his mistakes, is that he doesn't want to pass a motion in the House that will be - I think his words were - refused or ignored by the British Government. Mr Speaker, if that is what the people of Gibraltar ask for, if that is what this House should pass, it doesn't really matter whether it will be refused or ignored by the British Government because it will be the voice of Gibraltar, Mr Speaker, as exercised here in the House of Assembly of Gibraltar. Therefore, if that is what it takes then that is what we should do and then there will be a united Gibraltar on an issue. Even if the deal is sold off over our heads, we will have a united Gibraltar and we could fight united against one cause. If what we are going to do is open up at the end of it, after all that it took to bring that demonstration forward and bring Gibraltar to this unity which is reflected by the letters from Action for Gibraltar and, I think, a lot of letters in the press and in phone-ins, then this unity must be maintained and it cannot be maintained by keeping doors open and allowing people manoeuvrability because that is not what the House of Assembly is here for. I would like to take the Hon and Learned Chief Minister back to the motion that he so very much wishes us to remember. I would just like to remind the Hon and Learned Chief Minister that even on the 24th March, 1986, there were moves afoot to try and move the airport discussions into a political arena where Spain would and were looking at the sovereignty aspect. If I may, Mr Speaker, remind the Hon and Learned the Chief Minister: "The talks, of course, have their origins in the provisions of the Brussels Agreement which speaks about promoting cooperation on a mutually beneficial basis in a number of touristic matters", etc, etc. "At the suggestion of the British Government I agreed that the Administrative Secretary should attend on the August, 1985, and February, 1986, talks as part of the British delegation. As announced on both occasions the Administrative Secretary would, obviously, report to me on his return. He did not attend the talks held locally in March". The Chief Minister added: "When the Administrative Secretary reported to me on the talks held in Madrid on the 10th and 11th February, it seemed to me that there existed the possibility of political undertones creeping into the discussion". Clearly, Spain is saying what their position is clearly and realistically and it is about time that we, the elected leaders of the people of Gibraltar, did exactly the same

and told the British Government and the Spanish Government what we realistically believe and want. I think what the Government of Gibraltar is looking at, I think what the Government of Gibraltar is banking on is for Spain to stop that agreement not because it is too much but because it is too little. I think that is the way out for the Government of Gibraltar, certainly if one looks at this motion because this motion clearly says: "which would involve any concessions being made to Spain or which would in any way establish, or at any time in the future lead to, any form of joint control of the airport". Sir Geoffrey Howe clearly said 'joint control is out'. Mr Ratford clearly said 'joint control is out'. Therefore there is no possibility that joint control will appear not because the people of Gibraltar want it one way or the other but because the British Military Authorities will not accept joint control over a military airfield, that is the only reason. The key is 'joint use' it is not 'joint control'. Now that I have given quite a clear scenario, I would like to remind the Hon and Learned Chief Minister of a placard that appeared the first moment we saw the report of GBC on the demonstration which read "AACR says no deal" and I would just like to tell the Chief Minister that that was a placard taken by prominent people in his Executive and I would just like to remind him that last night Sir Geoffrey Howe clearly said that they were working towards a deal. Then, Mr Speaker, something happened which was in direct conflict with the mood which the Hon and Learned Chief Minister had, in my mind, brought about as a result of the movement of his motion. He had, I think, dampened certainly as far as I was concerned and on this side of the House, left the door open and dampened the aggressive mood of Gibraltar - and I use 'aggressive' in inverted commas - aggressive meaning certainly not in a violent way but in the way of wanting to take action and to stand up and be counted. And that was the intervention by the Hon Mr Canepa which was in direct conflict to the intervention of the Hon and Learned Chief Minister. Mr Canepa was aggressive and strong, his mood was much more clear and much more in keeping with our motion, Mr Speaker. Our motion that spoke of no concessions to be made to Spain, no concessions on joint use. It was a much more strong approach to the motion. He also went on to make what I consider to be an attack on certain aspects of what Sir Geoffrey Howe had said although the Leader of his party, the Chief Minister, had said in his contribution at the start that he would not look at what Sir Geoffrey Howe had said because that was to be looked at in the future. The Hon Mr Canepa reflected what the Opposition were saying - I'll rephrase that because I don't want to make it a party political thing - the Hon Mr Canepa was saying what was the mood of the people last Tuesday, not today, not after the intervention of the Hon and Learned the Chief Minister. He was strong, aggressive and saying quite clearly 'Gibraltar is ours de facto. No joint use, maybe international use, but no joint use'. It was in direct conflict to what we had heard earlier on from the Hon and Learned the Chief Minister. He said 'no' clearly to in transit

traffic and I think he mentioned various examples but I think he left one thing out which certainly to me is also illogical and that is the fact that Sir Geoffrey last night was talking about in transit traffic out of Gibraltar ie a Spanish airline comes into the airport and the passengers would go to a Spanish air terminal and exit from the Gibraltar airport in that way. What would happen to passengers coming into Gibraltar? Would they go to the Spanish air terminal and go to the Spanish aircraft? Who would then have security of the passengers, security of the airfield, security of knowing which passengers were there? Obviously, that would be the responsibility of an airport authority in which case the airport authority would have to be managed by Spanish officials as well because you couldn't guarantee security if we had the airport authority on this side and we didn't know who was getting into the aircraft on the other side. That is a point which Sir Geoffrey Howe certainly didn't answer. That was, I think, the mood reflected on this side of the House and the mood which reflected what the people of Gibraltar were saying last Tuesday. But, of course, again, it was illogical because after having gone down that path of aggressive mood and, to a point, patriotism and there is nothing wrong with that when everybody else does it, was to say at the end of all that that this motion was stronger than the motion that we had put and that he would support this amendment because it was a much stronger motion than the weak motion that we had produced. I dare say that if Mr Canepa looks at the two motions and takes heed of everything we have said on this side and although I accept and I do not put in doubt that when it comes to the crunch the Government will put the position of the people of Gibraltar clearly to the British Government, I think what has to emanate from this House is that that position is clear here so that it is clear to the people of Gibraltar which, after all, are the people who count as far as we are concerned. Therefore, Mr Speaker, what I would like to do is to take the Members on the other side of the House to what was, in fact, agreed in the motion on the 24th March, 1986. The version of the motion as it ended after certain amendments read: "This House affirms that, should proposals be put forward in connection with greater civilian use of the Gibraltar airport, which might in the view of the Gibraltar House of Assembly make it possible to represent or interpret such use as being an encroachment on British sovereignty over the isthmus, such proposals would be unacceptable to this House and to the people of Gibraltar". I feel that certainly we are now at that stage. We are now at the stage where proposals have been put to the British Government, where those proposals represent to us an encroachment on British sovereignty over the isthmus and therefore, I think as a follow-up to this motion, we should clearly spell out today that what we said in that motion is happening already today and that the people of Gibraltar now want to take this motion a step further. In so doing, Mr Speaker, I would like to move an amendment to the Chief Minister's amendment. Basically what I am dealing with at the moment is paragraph 3 in the

note I have just passed to them which is: the deletion of all the words after the word "involve" in the fourth line of the third paragraph and the substitution of the following - which would make the motion, as amended, amended again, to read: "calls on Her Majesty's Government....."

MR SPEAKER:

No, please read your amendment as you propose to move it.

HON J E PILCHER:

I amend therefore, the substitution of the following after the word "involve" - "(a) any concessions being made to Spain", obviously it has to be understood and that is why I was trying to read it, that the words previously said 'and not to enter into any agreement which would involve' - "(a) any concessions being made to Spain (b) in any way establish, or at any time in the future lead to, any form of joint control of the airport". And if Members opposite look at those two they are a direct quote of what is already there in the amendment. "(c) allowing passengers arriving at Gibraltar but with a Spanish destination to exit Gibraltar without passing through Gibraltarians customs and immigration controls, and (d) provision for the joint management of any airport facility now or at any time in the future". That, Mr Speaker, I think, reflects what the Hon Mr Canepa was saying this morning, I think, clearly, reflects the mood of the motion as was originally moved by us and certainly reflects the mood of the people of Gibraltar and is, if I may say so, Mr Speaker, a direct follow-up to the motion of the 24th March because now there have been proposals and this is the answer of this House of Assembly and of the people of Gibraltar to those proposals. And this is a way, Mr Speaker, of providing unity because, after all, all we are doing here is adding on to what was already there and taking into account our mood and the words of the Hon Mr Canepa this morning and put those on paper. That, Mr Speaker, can give us the unity that we are seeking. There is also another small amendment, Mr Speaker, and that is an amendment in paragraph (1) of the initial amendment by the Hon and Learned the Chief Minister and that is an amendment in trying to move away, Mr Speaker, from this situation of perhaps bickering which is what I think it was called this morning about who organised what. We feel that the demonstration as expounded by the Leader of the Opposition, was organised by the GTC. The Hon and Learned the Chief Minister continues to believe from his information that the demonstration was organised by Action for Gibraltar and I feel that a good compromise, seeing that what is important is not that but what is important is paragraphs (2) and (3) of the motion, I feel that perhaps by the deletion of the words "in organising a petition and" where they appear in the second line of the first paragraph and the inclusion of the words "and the Gibraltar Trades Council in organising a" therein

and with the deletion of the words "the Gibraltar Trades Council" wherein they appear in line five of the first paragraph, should do away with that. If I can remind the Hon and Learned Chief Minister of the contents of the letter sent to him and to the Leader of the Opposition by the Group calling themselves Action for Gibraltar who said: "organisationally, the Gibraltar Trades Council were the primary factor in ensuring its success". Taking that into account, taking the spirit of both the GTC and Action for Gibraltar, I feel that if we amend the motion to read: "applauds the initiative of the Action for Gibraltar Group and the Gibraltar Trades Council in organising a petition and demonstration on the question of the airport", that, Mr Speaker, should cater for both sides and I think should do away with the petty bickering over this minor item when we are really discussing the unity or otherwise of this House of Assembly over what is certainly to us and to the people of Gibraltar a primordial point of where we go from here for our future as far as any concessions and as far as our position clearly both in the eyes of the British Government and the Spanish Government. I would just like to remind the Hon and Learned Chief Minister that there are only ten days from now to the position where there will or there will not be a deal struck. I feel that unity on this is of the utmost importance, Mr Speaker, if not the Government will not get support from this side of the House and will be forced upon to abstain which will mean that if a deal or anything else is arrived at we certainly will not be there to sell it to the people of Gibraltar, Mr Speaker. I feel that having laid the policy down very clearly, that does not prohibit the Gibraltar Government from looking at any type of arrangements that they want to have looked at at the frontier. 'Technical arrangements' I think the Hon and Learned Chief Minister called it a year ago, there is nothing wrong with technical arrangements but the policy matter, the matter of principle is as laid down in my amendment, Mr Speaker, and I hope that the Government can support that so that we can have one united front on this matter.

HON A J CANEPA:

Before the Hon Member sits down, Mr Speaker. I would invite him to clarify the use of the word 'management' in paragraph 3(d). I say that because it is a new word and it is a word that was used by the Secretary of State last night when he spoke about management of the aeroplanes, management of the airfield, management of people and I wonder whether it is being used by the Hon Member opposite because of that. He might also look at earlier on in the interview where, in fact, by the use of another word I think it is clear, I hope it is clear, what the Secretary of State means by management of aeroplanes, management of the airfield, when he spoke earlier on about 'handling aeroplanes, handling people and handling the airfield'. I wonder whether that is what is meant and I would therefore like to invite the Hon Mover of the amendment to clarify in what context the word 'management' is being used and why.

HON J E PILCHER:

Mr Speaker, the point is quite clear. What we are trying to get is an agreement or a set of words by which both sides of the House can agree but what I think we mean by 'joint management' is, in fact, joint use. 'The provision for the joint use of any airport facility' is not acceptable to this side of the House and to the people of Gibraltar. The joint use and therefore joint management as it was intimated in the interview. Sir Geoffrey Howe spoke about management of air traffic control, management of the airfield which is what I was referring to a minute ago as an airport authority. Therefore if you are going to have a joint management of the airport you have to have a joint authority or airport authority. That is completely out of the question. So what I was trying to find was a word that would reflect that but would not tie completely the hands of the Government to any type of arrangement that did not go against a policy decision which is no joint use. Arrangements by all means like any arrangements for any other international flight from anywhere around the world to Gibraltar. But the joint use and the joint management, we put 'management' there to reflect the joint use without using the word 'use'. It is really exactly the same, what we mean is joint use or joint management. It is trying to find a word that will encompass the feeling that they cannot share in the responsibility of administering any facility whatsoever. Perhaps 'joint administration' if you like, it is finding a word and that was the essence of it, Mr Speaker.

Mr Speaker proposed the question in the terms of the Hon J E Pilcher's amendment to the Hon the Chief Minister's amendment.

HON CHIEF MINISTER:

I would like to speak on this amendment only subject to my right to reply. First of all, I am not going to reply to the Mover in respect of his general comments because I want to go back to that later on in a wider sense. Following on what he has read from Hansard it looks as if there are proposals to allow passengers arriving at Gibraltar with Spanish destination to exit Gibraltar without passing through Gibraltar customs. There are no such proposals, all that is mentioned in the thing is that that is the sort of thing that they would discuss. The only real proposals that there are known for the purposes of the airport are the Spanish proposals published in 'El Pais'. We are prepared to say that we oppose those proposals published in 'El Pais' quite clearly. Those are formal proposals, this is talk and we cannot start making amendments on formal motions in matters of what comments are made and the reason why, and I will not dwell on this more because I will go back to it, the reason why I say that we should leave, I didn't say we should ignore the Secretary of State, what I said was that that should be subject of something much more deeply than the

toting of it the morning after. That proposal was proposed apart from the top ones which are not acceptable because we stick to the story as we know it about the origins of this, are really unacceptable to us. I thought that there might have been an attempt at some consultation with a view to something that would be acceptable but this is less acceptable even than the present motion.

HON J BOSSANO:

I think, Mr Speaker, the Hon and Learned Member really has come up with the flimsiest excuse that I have ever heard him come up with in fifteen years for trying to make what is black look white. If the Hon Member finds that the amendment suggests that there are proposals allowing passengers arriving at Gibraltar to exit which he says is not true, does his amendment suggest that there are proposals about giving concessions to Spain which is (a) in my Hon colleague's amendment and is included in his?

HON CHIEF MINISTER:

There are the 'El Pais' proposals, yes.

HON J BOSSANO:

Mr Speaker, the Hon and Learned Member has said that the amendment that we are moving which has got four elements in it, two of which are his.

HON CHIEF MINISTER:

I accept that.

HON J BOSSANO:

But, surely, if (c) and (d) in his view would by implication mean that such proposals are being made by UK which it doesn't say here, it must follow logically that (a) and (b) by implication mean that such proposals are being made by UK and that has been said by him not by us. If his amendment calls on Her Majesty's Government not to conclude an agreement with Spain on the question of the airport which would involve any concessions being made to Spain, is he saying that he knows that Her Majesty's Government is intending to do it? No, he is not saying that. We don't impute that motive to him, we don't say 'we cannot accept your amendment because somebody might think that you are saying that this is what the British Government is thinking of doing or we might be putting it in their minds if it is not the idea'. Let me make absolutely clear what the situation is. The people of Gibraltar have come out with a clearcut position. That clearcut position is known to all of us and has been clearly reflected in the contribution of the Hon Mr Canepa. Sir Geoffrey Howe came out last night specifically to make sure

that we understood what the position of the British Government was. The position of the British Government was and is that they don't want us to pass a motion in this House of Assembly which will reflect what the people of Gibraltar were saying in the demonstration and what the people of Gibraltar have said to Ratford. That is the message from Sir Geoffrey Howe and we have got to send a message back to him, that we take orders from the 16,000 people that signed the petition, from the 12,000 people that took to the streets and not from him or the Foreign Office. That is the need for the motion today and it is one of the most important motions we have debated in this House because if we try and be all things to all men and wriggle out of this one we send back a message that dilutes the efforts of our people of last Tuesday and we will have no part of it. If that is what the Government wants to do they will have to defend it on their own because we are totally convinced that the people of Gibraltar are absolutely united on this matter, that Sir Geoffrey Howe, as the Hon Mr Canepa said, has studied very carefully everything, he studied the memorandum from the Gibraltar Trades Council, he studied the petition, he studied the motions of this House, he studied the programme on Spanish television on Sunday and, having studied everything, has made it a point of being interviewed - let's face it, nobody in Gibraltar is going to believe that GBC successfully twisted the arm of the Foreign Secretary of the United Kingdom to the extent that the programme was beamed by satellite here so that it would get in time yesterday rather than being put in the mail and get here today.

HON A J CANEPA:

We wouldn't be here now.

HON J BOSSANO:

Yes, precisely. Therefore it is not accidental, it is deliberate and clear and either we say because Sir Geoffrey Howe has expressed the views that he has expressed which we consider to be in complete conflict with the wishes of the people of Gibraltar and I regret that that part of the original motion has been eliminated because we think what we saw last Tuesday was a very clear manifestation of the freely and democratically expressed wishes of the people. If Sir Geoffrey Howe chooses to ignore those wishes the House of Assembly of Gibraltar will not ignore the wishes of the people who put us here. We do not have the right. We have got a right to pass a motion here if we have got a situation where the Government, the eight who sit on that side of the fence, have one interpretation of what has taken place and the seven have got a different one and then as a matter of judgement their judgement right or wrong will dominate the situation by a majority of one, the two ex-officio Members being notoriously absent on this occasion.

MR SPEAKER:

May I perhaps suggest that we have a short recess which might be helpful for consultation and come back in a quarter of an hour's time.

HON CHIEF MINISTER:

I suggested to the Leader of the Opposition before lunch that if he had any proposals that we could get together but obviously this has been produced without any consultation and I wouldn't mind having some attempt at trying to find some formula.

HON J BOSSANO:

Mr Speaker, can I just point out to the Hon and Learned Member that he had an opportunity of making proposals to us since last Tuesday seeking an amendment to the original motion instead of coming here and presenting us with something that removes everything after "This House". It could have been done that way.

MR SPEAKER:

Fair enough. We will have a short recess and then come back.

The House recessed at 4.25 pm.

The House resumed at 5.50 pm.

MR SPEAKER:

Gentlemen, I understand that there is a consensus on the manner in which we are to proceed and I understand that Mr Baldachino wishes to address the House.

HON J L BALDACHINO:

Mr Speaker, I would like to move a negotiated amendment to the amendment moved by the Hon Joe Pilcher to the amendment moved by the Hon and Learned the Chief Minister to the motion moved by the Hon the Leader of the Opposition. Delete paragraph 3 in its entirety and replace it with a new paragraph 3 to read as follows: "4. Rejects the following proposals made by the Spanish negotiators as published in El Pais on the 29th October, 1987, ie (a) Access for Spaniards to the airport without passing through British Customs and Immigration (b) Construction of another terminal (c) Spanish participation in the control of Gibraltar Air Space (d) Possible presence of Spanish Air Traffic Controllers in the Gibraltar Control Tower (e) Spain's eventual association with the management of the airport".

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

HON CHIEF MINISTER:

I want to reply to Mr Pilcher generally because I think now he has finished his contribution by putting his amendment and therefore we have a discussion on his amendment.

MR SPEAKER:

Mr Pilcher will have the right to reply on his amendment.

HON CHIEF MINISTER:

But then I have a right to reply.

HON J BOSSANO:

And I have the right to reply on the original motion.

HON CHIEF MINISTER:

I would like to reply to some general remarks made by Mr Pilcher.

MR SPEAKER:

You will have the right to reply to your amendment in due course.

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

MR SPEAKER:

Having voted on Mr Baldachino's amendment we now have an amendment which was moved by the Hon Mr Pilcher, as amended. That is the question before the House. Does any Member wish to debate that?

HON CHIEF MINISTER:

I am only going to speak now to the first amendment and I will speak generally on the debate on my amendment. I would like to say that we felt like resisting these amendments because I think it is stretching it too much, the two amendments, but in a gesture of goodwill because we have been able to get agreement on the other one, we will not oppose it.

Mr Speaker then put the question which was resolved in the affirmative and the Hon J E Pilcher's amendment, as amended, was accordingly passed.

MR SPEAKER:

Any Member who has not spoken to the amendment of the Chief Minister or to the general debate, for that matter, is still free to do so. Does any Member wish to speak? Then I will call on the Hon and Learned the Chief Minister to reply to his amendment.

HON CHIEF MINISTER:

Mr Speaker, I will not be very long. I am very glad that we have been able to find a consensus motion which I think safeguards everybody's interest in this matter and mine was no more than that we wanted not to close the door insofar as facilities and arrangements for the future were concerned to any further discussions on the matter which the original motion would appear to do. I don't propose to go into the matter which we have been discussing all day but the last speaker, that is, Mr Pilcher, made a few hard hitting remarks which I have to reply to. In the first place, the reason why I said that we should look at the transcript of the Secretary of State in the future, I didn't mean to avoid that but I was very glad, indeed, when the Leader of the Opposition opened the debate and only referred to it because my feeling was that we should run this debate taking into account what other people say as we have taken account even what a paper said but we should run the debate on our ground and in our way and we should not be dominated or overpowered by an interview which took place last night because then it would be a much more ostensible attempt at influencing the proceedings of the House. That was my intention, it was not an intention to avoid it, in fact, I have done nothing to do with it at all. I only heard about it half way through the day that there was going to be an interview in the evening. Again, I welcome the acceptance of Mr Pilcher that when I said that we should meet today and nothing major would happen I, of course, said there were no talks of importance that would happen. We know that there have been talks at coordinator level and, certainly, I had no idea that the Secretary of State would be preparing an interview the day before for the purpose, I didn't know that. Nor, perhaps, even if I had known, though I don't think these things are arranged in that way, would I have thought that that was something that had to be avoided because if he wants to talk he wants to talk and it is only fair that we should recognise that ultimately in the constitutional position we can express all our intentions and our desires and other than respecting the letter of the preamble to the Constitution on sovereignty, something which now is taken for granted but there were days when even that undertaking was questioned and people worried about it. Now the Secretary of State made a number of references to the commitment by the British Government to

the wishes of the people and we just take it for granted that that is so. That is, of course, progress but it is a fact that sometimes people have wondered whether that pledge would be honoured or not and now it is part of the scene and therefore we don't attach too much importance to it. But in the overall picture of the situation, we should take account of the number of references that the Secretary of State makes to that for our own sake, I am not saying for his sake, for our own sake. That and the fact that he said that there were certain things that were not acceptable to the British Government. Of course, we have to decide what we think is best but I think we have also to remember that we are not completely sovereign in our own sphere and that what we have to try to do and this is what my attempt has been, to go as far as we can without breaking off the links in proper ordinary terms with those who are responsible in the final analysis. Insofar as the remarks made by Mr Pilcher about the demonstration, I explained in great detail in my opening remarks how the matter was brought to me and how I understood it. Whether all the things that are attributed to what the demonstration was about was in the minds of everybody or not, that is another academic matter because the bulk of the people there, it is rather difficult to explain, we know what they wanted but we cannot attribute, in fact, there wasn't an opinion poll, we know that they didn't want anything to be given up but you can interpret the things according to where they come from and what you are thinking. I want to make it quite clear that I was not there under any false pretences, I was there fully understanding the basis of which the approach had been made to me and I am not turning back on anything that I did, I am just exercising my responsibilities in Government at any particular time in the way that in my estimation and with the support of my colleagues, I think, it is in the best interest of Gibraltar. That is a matter that has also permeated in the course of the debate that finally we should not and we do not attribute improper motives on this important matter. We may be mistaken or we may differ but I think that the motives behind our minds are the same and that is why, again, I am pleased that there has been a consensus on this matter which makes it unnecessary to put the matter to the test and it is not the kind of debate on which one would want to exercise the Government majority and impose it on anybody because we are dealing with matters of great import not only for ourselves but for those who come after us and we have to play it that way. Finally, after having said all that, I think that we can be proud of the way by any standards from the House of Commons downwards, by any standards, of the exemplary way in which the conduct of these proceedings are carried out and perhaps some Members of the House of Commons should come for a course here instead of our having a course on Parliamentary Practice at Westminster. Thank you, Mr Speaker.

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

MR SPEAKER:

Now we come back to the original motion which we started this morning, as amended, which we have been debating all day.

HON J C PEREZ:

Mr Speaker, I am only going to make a short contribution but I feel it is necessary because of the importance of the motion that we are debating and we are going to pass here today. I would like to refer to a suggestion by Sir Geoffrey Howe last night in his interview that we should perhaps look at these things coolly and departing from my characteristic temperamental attitude in such sensitive matters as this, I take the advice of the Foreign Secretary and remain cool because I think the affair is of sufficient importance so that it is not interpreted in Whitehall that the House of Assembly has taken a rash decision in the heat of the moment but has taken a cool decision in the full knowledge of what the Foreign Secretary said yesterday. I accept that the motion as the Hon and Learned the Chief Minister said, is about the sentiments expressed by the people last Tuesday and how to express them in the context of the motion that we have moved today and what happened last Tuesday but it would be unrealistic to forget what the British Foreign Secretary said yesterday. We are talking about moving a motion reaffirming the position of the demonstration when they were shouting outside The Convent 'We say no' last Tuesday and we are saying today, after having heard the British Foreign Secretary, 'We are still saying no'. I think, Mr Speaker, that we have done our duty as the elected representatives of the people of Gibraltar in reaffirming their position, in giving leadership to the 16,000 strong demonstration that came out last Tuesday and in making it quite clear that our primary job is to represent the views of the people of Gibraltar and not to represent the views of anyone else. I think we have achieved this and it is commendable that after all this toing and froing we have been able to achieve this. I think it is a historic occasion in the parliamentary history of Gibraltar in that we are quite clearly taking a firm stand, we are saying that regardless of the views of Sir Geoffrey Howe on the airport we are still completely sure of the stand we have adopted, we are still completely sure of the stand that the people of Gibraltar have adopted and we continue to stand firm on that line and we are still united on it notwithstanding the difference of opinion that might have arisen during the day. That is all I have to say.

MR SPEAKER:

Any other contributors? I will then call on the Hon Mr Bossano to reply to the motion.

HON J BOSSANO:

Mr Speaker, I won't take up much longer of the time of the House. Clearly, we have achieved a negotiated settlement on the airport issue in two hours which is more than the Spanish and the British Governments have been able to achieve in two years. Perhaps they ought to leave it to us to negotiate with each other instead. I think, Mr Speaker, the importance, from our point of view, of achieving a motion which was carried unanimously in the House and the fact that the Government of Gibraltar shares that sentiment, should be an indication to the rest of Gibraltar which I think they are entitled to expect from us that although in this House we have made no secret on the very many occasions since 1984 that there are many issues on which we may differ and where sometimes we get quite cross with each other, we both recognise that there is an underlying responsibility on specific occasions when Gibraltar is under threat that we should be capable of trying to accommodate each other's views and try and achieve something that both of us can defend and, consequently, although obviously our position on the question of no joint use of the airport is as indicated in the original motion, we have taken on board the difficulty that the Government has in expressing that in the particular way that we wanted and we consider that, in fact, the final version is as close as it is possible for the Government to move in the constraints that it is under which they know better than we do. However, the important thing is that the demonstration, we felt, was asking something of us as well as asking something of Mr Ratford. Mr Ratford was being asked to note the strength of feeling in Gibraltar and I think the House of Assembly was being asked to be able to do what it has done today and embrace that strength of feeling in a way that spans the different positions of the governing party and ourselves. Let me say that when we consider the position of the British Government and it is important to put that on record, so far Her Majesty's Government it appears from the discussions we held with Mr Ratford, had felt that nothing that they had done was in conflict with the motion of December, 1985, which referred to international flights being governed by the rules applicable to international flights and which referred to the airport remaining under the sole control of the British and Gibraltarian authorities and that position is one which the British Government considers they are still defending notwithstanding the fact that there is a clear attempt by the British Government to find an accommodation with Spain on the airport issue. I don't think that I can entirely agree with the Hon and Learned the Chief Minister in the sense that no importance is now given and that it is taken for granted that Her Majesty's Government makes clear that the question of sovereignty is not under threat because, in fact, we disagreed with Mr Ratford when he seemed to be saying only in cases of joint

control would there be a threat of sovereignty but there wouldn't be a threat to sovereignty in cases of joint use or joint management or whatever. And I think, in fact, probably the most dramatic expression of that view that this House has produced was the March, 1986, motion which we also carried unanimously and which went through a similar but shorter process than the one we have gone in today with the Hon and Learned the Chief Minister saying, as he often does, that he agreed in spirit with everything that we had said but that he was amending everything after the words "This House". But, eventually, perhaps the most important statement, if you like, of Gibraltarian identity produced by this House was that there I eventually moved a motion saying that any proposals which were put forward for the greater civilian use of the airport - and we didn't mention from which nation they emanated - should not proceed if in the view of the Gibraltar House of Assembly, they constituted an encroachment on British sovereignty and the Hon and Learned the Chief Minister said he was delighted to accept that amendment. I think that was probably the most important statement this House has ever made in terms of saying 'We are the final arbiters of deciding what affects us'. I think if that is true in terms of the definition, the Hon and Learned Member said he was delighted to accept the statement and I am holding him to that so I am not giving way in case he changes his mind now.

HON CHIEF MINISTER:

No, I said final to ourselves.

HON J BOSSANO:

Final to ourselves, right, and I think that the important thing is that we ourselves have been taking a consistent stand on a number of motions in the House and I honestly believe that no British Government can, in fact, realistically in today's world not just ignore the preamble to the Constitution but ignore blatantly the unanimous views of this House of Assembly. I think that is why it is so important that we should try and achieve the kind of consensus that we have achieved even if it means giving way some way on what we both believe to be the correct way to proceed because it is important for our people in Gibraltar and it is important that we face Her Majesty's Government or the Spanish Government or whoever with a united stand to the extent that we can and the fact that we have been able to do it today, I think, is good. The Government is, I think, well aware that should they feel that they are in difficulties which requires that they should approach us then our doors are open, I have made that position clear to the Hon and Learned the Chief Minister and I don't think there is a need to emphasise it, he knows what the position is and we are ready to be counted when the time comes. I commend the motion to the House.

Mr Speaker then put the question in the terms of the Hon J Bossano's motion, as amended, which now read as follows:

"This House -

- (1) applauds the initiative of the Action for Gibraltar Group and the Gibraltar Trades Council in organising a demonstration on the question of the airport in support of the stand taken by the House of Assembly and thanks the representative bodies and the thousands of persons who signed the petition and participated in the demonstration;
- (2) reiterates the views expressed by this House in the resolutions adopted on 25 March and 16 December, 1986;
- (3) calls on Her Majesty's Government not to conclude an agreement with the Spanish Government, on the question of the Gibraltar airport, which would involve any concessions being made to Spain or which would in any way establish, or at any time in the future lead to, any form of joint control of the airport; and
- (4) rejects the following proposals made by the Spanish negotiators as published in El Pais on the 29 October, 1987, ie:
 - (a) Access for Spaniards to the airport without passing through British Customs and Immigration
 - (b) Construction of another terminal
 - (c) Spanish participation in the control of Gibraltar Air Space
 - (d) Possible presence of Spanish Air Traffic Controllers in the Gibraltar Control Tower
 - (e) Spain's eventual association with the management of the airport".

The question was resolved in the affirmative and the motion, as amended, was unanimously passed.

The Hon the Attorney-General and the Hon the Financial and Development Secretary were absent from the Chamber.

ADJOURNMENT

HON CHIEF MINISTER:

I now move that this House do now adjourn sine-die.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned sine die.

The adjournment of the House sine die was taken at 6.15 pm on Tuesday the 17th November, 1987.