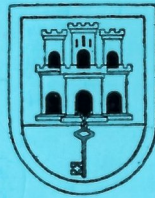


GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

24TH MARCH, 1987

VOL II. - BUDGET

MONDAY THE 27TH APRIL, 1987

The House resumed at 10.30 am.

PRESENT:

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

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

PRAYER

Mr Speaker recited the prayer.

DOCUMENTS LAID

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

The Employment Survey Report - October, 1986.

Mr Speaker put the question which was resolved in the affirmative and Standing Order 7(3) was accordingly suspended.

Ordered to lie.

HON J BOSSANO:

Mr Speaker, I would like to speak on this. Mr Speaker, in the Budget debate of last year I opened my contribution by questioning the propriety of the contents of the Employment Survey being relayed to the public in a Party Political Broadcast only a few hours before we got hold of it and, in fact, I thought that the gentle hint that I was putting at that time would be picked up by the other side. In fact, there has been a repetition of that this year in that last Thursday the Hon Mr Perez spent a considerable time, a proportion of his ten minutes in an AACR Party Political Broadcast, reading the Employment Survey comments and statistics which we are now being asked to suspend Standing Orders in order to have tabled in the House. My understanding of the situation is that until, in fact, the document is tabled in the House it is not public knowledge and that it is available to Members in advance on a privilege basis.

MR SPEAKER:

I think the Rules on Parliamentary Practice says that it cannot be used within the House until such time and cannot be referred to in the House until such time as it has been laid on the table. Whether it is used outside the House we have no prerogative whether the convention has been that it should not be used until the House is privy to it by the laying on the table is another matter. I think as far as the Rules are concerned, it is that we cannot use it until such time as it has been laid.

HON J BOSSANO:

I am seeking clarification on this, Mr Speaker, because my understanding since 1972 has been that, in fact, we don't make public statements about something that is laid on the table until we talk about it in the House and then once we do so, the same applies with the Estimates and everything else that we get in advance and therefore when we ask the Government to give us advance information it is on the basis that we should be better prepared when we come to debate matters in the House, not so that we can use it outside. The only point I want to make is that the same Rules, as far as I am concerned, must apply to all of us and if we are all free to use the information before we get to the House and we all know it then we will all use it. But I did mention it

last year without seeking to make an issue of it, I had no reply at all from the Government last year and the thing has been repeated this year and therefore I feel now that a more formal position needs to be taken on it and we need to know from now on whether we are all going to be using all the information as soon as we get it or we are all going to wait until it is debated in the House.

HON CHIEF MINISTER:

Mr Speaker, I would like to look at the matter, I am not really in a position to give a reply as to whether, first of all, the need for suspending Standing Orders is because not enough time has been given to Members to inform them that the paper was going to be laid, if enough time is given you don't need the leave. With regard to the practice, I will be quite frank, I am not aware, I do not recall, in fairness, the Hon Member's remarks last year but I will certainly look at it and I will come back and I will make a statement on it at a later stage. I cannot go any further.

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

Draft Estimates of Revenue and Expenditure for 1987/88.

Mr Speaker put the question which was resolved in the affirmative and Standing Order 7(3) was accordingly suspended.

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders Nos. 29 and 30 in respect of the 1987/88 Appropriation Ordinance, 1987.

MR SPEAKER:

As Members know, Standing Orders 29 and 30 deal with the printing and circulation of Bills at least seven days before they are presented to the House and we are being asked to suspend Standing Orders to enable this to be done insofar as the present Bill is concerned.

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

THE APPROPRIATION (1987/88) ORDINANCE, 1987

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £66,984,400 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.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders Nos. 29 and 32B(3) in respect of the Finance Ordinance, 1987.

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

THE FINANCE ORDINANCE, 1987

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Companies (Taxation and Concessions) Ordinance, the Development Aid Ordinance, the Estate Duties Ordinance, the Gaming Tax Ordinance, the Imports and Exports Ordinance 1986, the Income Tax Ordinance, the Licensing and Fees Ordinance, the Stamp Duties Ordinance, the Traffic Ordinance and generally for the purposes of the financial policies of the Government 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:

Mr Speaker, I have the honour to move that the Bill be now read a second time. As in previous years, Mr Speaker, I propose to begin by saying something about the world economy and then proceed by degrees to the

discussion of the latest trends in the Gibraltar economy. Many of the features of the world economy to which I drew attention at this stage last year are much the same as they then appeared. Many economists are asking what went wrong. A halving in the oil prices, interest rates at their lowest level for five years, inflation down to the levels of the 1960's, and a substantial but smooth slide in the value of the dollar should have been the recipe for an economic boom.

It may of course have been delayed. The US deficit on current account, which was about \$120 billion a year ago, continued to increase during the year and reached \$140 billion by the end of 1986 notwithstanding a 20% depreciation in the value of the currency. That could be the beginning of the J-curve. US economic policies have, however, caused some eyebrow-raising and a lot depends on how long President Reagan and his advisors stay with the exchange rate option or whether they may be forced to consider fiscal options, not to mention Japan-bashing, as a means of reducing US deficits.

However, a combination of continuing US deficit, low oil prices and inflation at 2½% amongst OECD countries did lead to an increase in world trade of about 5%. The US deficit was the counterpart of huge Japanese, and, to a lesser extent, West German surpluses, although exports from these countries levelled off in the latter part of the year as a result of currency appreciation.

But the drop in nominal interest rates, which arrived with lower inflation, has not had anything like the impact on borrowing costs which was expected. Real interest rates remain at twice the level typical of the 1950's and 1960's. It may be that high interest rates are an irremovable feature of a world economy dominated by currency fluctuations and sizeable trade imbalances in a way which was inconceivable in the Bretton Woods era.

In 1987, oil prices are expected to edge up once more, and the dollar to depreciate further, although the US current account deficit is expected to fall below \$100 billion. World trade is expected to grow at a similar level to 1986. The International Monetary Fund's latest forecasts suggest some increase in output in the leading industrial countries with growth at just under 3% compared with 2.4% this year but little further improvement beyond that. It is unlikely that West Germany or Japan, in particular, will greatly accommodate the United States in its preferred economic options prior to a Presidential election year.

United Kingdom growth was rather better than forecast, nearly 3%, in 1986. Most of this increase was in non-manufacturing sectors. Inflation was around the 4% mark. The reduction in oil prices adversely affected the balance

of visible trade, as expected, and as might also have been expected, lower oil prices together with increased disposable income fed through into increased consumer demand which was the major feature of the economy in the latter half of the year. This was facilitated by easier credit conditions while the abandonment by the Government of any pretence at monetarism followed the reality of abandonment or, indeed, non-adoption in the first place.

The visible trade balance widened from £2 billion to £9 billion. On the other hand increased buoyancy of Government revenues from higher consumer spending enabled the Chancellor to make tax cuts which some six months earlier had seemed unlikely. Recent UK growth rates have been higher than those of its major European partners but it must be remembered that these were achieved from the base of a much reduced economy followed the ravages of the 1970's. Between 1972 and 1982 the UK only achieved one-half of the average growth of France, Italy and West Germany. Nevertheless, the economy has, in the subsequent five years, grown by 14% which is 70% higher than the average of France, Italy and West Germany during this period.

What these figures conceal is that a manufacturing trade surplus of £5 billion was turned into a manufacturing trade deficit of £7.5 billion in six years. The rapid growth of services, earnings from North Sea Oil and invisible earnings, not least from the £100 billion of overseas assets acquired since 1979, has helped to balance the current account.

UK growth is unlikely to reach 3% this year, but consumer spending is expected to remain buoyant. Inflation is expected to rise beyond 4%. The prospects for manufacturing, following the recent devaluation of the pound against all currencies except the dollar, are now good with manufacturing output expected to rise by 4%, perhaps reviving dreams of export-led growth, perhaps they won't be dreams. The UK's best export prospects are, however, in the services sector, including financial services. I see that His Royal Highness The Prince of Wales got in a word on this very subject during his recent visit to Madrid.

It is likely that there will be some further increase in the overall current account deficit in the UK and possibly some further depreciation in the value of the pound. It is unlikely that the Chancellor of the Exchequer will be confronted with a situation approaching the dimensions of the American problem.

I have referred in answers to questions in the House of Assembly in recent months to technical difficulties in measuring the underlying growth rate of the Gibraltar economy as distinct from the signals given by annual

year-to-year changes. In the last three years there have been and there continue to be substantial structural changes. Although 1984/85, the year before the frontier opened, was a year characterised by depressed economic conditions generally, capital spending on the Dockyard distorts any comparison between output in that and subsequent years.

The second major distortion has been the impact of the opening of the frontier itself. There is therefore a need to distinguish between the once-for-all impact of frontier opening, which is to say, the "plateau effect" it caused and the underlying indications of continuing growth.

A detailed survey of family and business expenditure will commence later this year when it is hoped to construct an up-to-date model of the economy. Having said all that, the best estimate that can be made at this time is that the underlying growth rate in the economy is of the order of 6% to 8%. This is high compared with a mature economy but not high compared with a small and comparable economy such as the Isle of Man, which achieved a growth rate of 10% in 1986.

I will now deal with some of the major features of the economy during 1986 and prospects for 1987/88.

The tourist industry had a better year in 1986 than in 1985. Visitor arrivals totalled 2,800,000 compared with 2,400,000 in 1985. A conservative estimate is that tourist expenditure reached £26m in 1986. Already in 1987 there are indications, from figures of arrivals during the first three months, which are higher than those for the first three months of 1986, that the number will pass the three million figure this year.

Developments at Queensway, Rosia Bay, Catalan Bay, should, inter alia, improve the touristic infrastructure by increasing the number of hotel beds available. There is some doubt about figures of hotel occupancy. During 1986 these are thought to range from 49% to 52%, which is similar to those for 1985. However, these figures are imperfect as an indication of full, half-full or empty hotels. There is a hidden figure of unfilled double beds or unfilled rooms with a nominal capacity for two or more bed persons which are occupied by only one or more as the case may be. In short, information about demand does not suggest that there is a genuine 50% spare capacity and current hotel developments do not suggest that either. The availability of data on room occupancy in the near future will be helpful in assessing what number of hotel beds is likely to satisfy a growing tourist market.

Figures of air traffic do not suffer from similar imperfections. There was a further increase in arrivals by air which were 90,000 compared with 74,000 in 1985 and this figure was the highest recorded since 1968. Load factors were maintained at a high level, in 1986 - 82%, and although slightly lower than 1985, that reflected a greater frequency of flights. In-transit visitors to Spain increased by almost 50% from 15,000 to 22,000.

It is difficult to assess accurately the contribution of the tourist industry to National Income without up-to-date information on the multiplier effects. However, direct tourist expenditure already accounts for 22% of national income. Prior to the opening of the frontier this contribution was estimated at some 15%.

The value of total imports fell by 4½% in 1986 but this was due almost entirely to a fall in the price of petroleum products together with some distortion as a result of the GSL factor. Excluding petroleum products there was an increase of about 10% in value of imports.

In volume terms imports of petroleum products in 1986 was about 40% higher than the previous year, almost entirely for re-export as bunkers. In volume terms foodstuffs, wines and tobacco were slightly down on the previous year. The proportion of foodstuffs to total imports has, in fact, fallen each year since 1984 from over one-fifth to just over one-quarter of the total, which perhaps reflects greater diversification in the retail trade and other sectors since the opening of the frontier.

Over the first nine months of 1986, imports from Spain increased by 60% compared with the same period of the previous years, and Spain's share of Gibraltar's total import trade is now about 15% compared with 50% from the United Kingdom.

Port activity reflected the general trend of imports with an overall increase of 9% in the number of ships calling, a 22% increase in calls by deep sea vessels, a 27% increase in gross tonnage, and a 50% increase in the number of ships calling for bunkers compared with 1985. There has been a significant shift from sea to land transport during this period and this is reflected in the October Employment Survey which reveals increased employment in the transport sector other than by sea.

The October 1986 Employment Survey reveals an increase in the overall level of employment which reached £12,500. The main increases were in the building and construction industry, wholesale and retail trades, transport and financial services.

The main features of 1986 were a stabilisation of GSL employment at around the 800 mark, an increase of over 20% in building and construction, a development which is likely to be sustained by developments currently in the pipeline and financial sector activity, and also direct employment by the financial sector itself which increased by 18% to a figure of over 700 and is likely to continue increasing. The number of Spanish workers doubled during the year though not in substitution for Moroccan workers whose numbers also increased. Employment in the private sector as a whole, including GSL, was virtually at the same level as the official sector. A total of 564 employees were classified as frontier workers, double the figure of two years previously, mainly employed in the construction industry.

Inflation in Gibraltar was running at 4.4% in 1986, a rate which was about half a percentage point higher than in the UK and higher than the Gibraltar rate itself for 1985 which was 3.2%. Falling oil prices have helped to stabilise inflation in the Western economies generally. Food price inflation was also 4.4% and food price inflation in each of the last two years has been about a half percentage point higher than in UK.

Increases in the prices of imported goods and commodities have been for the most part modest but increases in the price of local services average between 12% and 13% reflecting the difference between imported and local cost inflation. I am glad to be able to say that the most substantial reductions in prices were for Government services. Electricity and water charges were both 16% lower, against the trend in the private sector.

Average weekly earnings for full-time adult males increased from £134 to £144 between October, 1985, and October, 1986. Earnings in the private sector rose by 9.5%, about double the rate in the official sector. At average levels of earnings, take home pay for a married couple with two children rose in real terms by over 6% during this period.

Gibraltar has traditionally imported UK inflation rates because of the high UK import content on the one hand and parity of wages on the other. There are however indications that, as the result of structural changes taking place, wage costs will become an increasingly important determinant of the rate of domestic inflation. For that reason, and the expectation of some rise in oil prices, inflation is likely to rise to between 5% and 6% during 1987.

I do not propose to say a lot about Gibraltar because a lot has already been said during recent debates in the House. Gibraltar and the hotel industry are, of course, both labour intensive industries which are vulnerable to the effects of a high wage cost economy and the price of services.

I shall however say something about the third pillar of the economy. There has been continued expansion in the financial sector, with the granting of further banking licences both for domestic and offshore operations. The number of full banking licences is now eighteen, double the number at the beginning of 1985. Whereas the impact of the full opening of the frontier was felt immediately in the tourism and retail trade sectors, the development of banking and other financial services is more recent. Enquiries and feasibility studies by banks and financial institutions in 1985 began to mature during 1986 and further growth is expected during 1987. Gibraltar is now increasingly recognised by the international banking community as a finance centre and so featured in the international financial press.

Bank deposits increased by 68% between December, 1985, and December, 1986, mostly representing offshore business, although domestic deposits rose by a substantial amount and loans and advances by 35%. Compared with other established finance centres - Jersey with deposits of more than £20 billion and Guernsey with £6 billion, for example, Gibraltar's banking sector is still small. On the other hand the local development has just started and there is no reason why the figure should not rise to £1 billion within the next two years. There is already a queue of banks waiting to establish themselves in Gibraltar.

Mr Speaker, it is Government policy to encourage first class financial institutions and it is a feature of this policy that any application for a banking licence in Gibraltar has the support of the central bank of the country of origin. Gibraltar is represented at the Basle Conference of banking supervisors which monitors banking supervision in the international community. I hope this will help dispose of suggestions made in the media and elsewhere that Gibraltar's development as a finance centre is something that financial authorities elsewhere will not like. I think that view is based on a misconception of what a finance centre is. At the same time it is important to promote Gibraltar's development in a European and international context in terms of the business that international connections will bring.

It also makes good economic sense, for three main reasons. First, financial services do not suffer from the limitations of space and geography that tourism does. Secondly, financial services are not as vulnerable as either tourism or shiprepair, for example, to the impact of a high wage cost economy, nor are they labour intensive in the generally accepted sense. Thirdly, the traditional educational and professional links with the United Kingdom and the fact that English law is the basis of Gibraltar law coupled with political stability provides a basis for operations which is readily recognised by the international financial community. In all financial dealings the confidence factor is the most precious commodity.

There is, however, a need for greater control of financial services other than banking and insurance, notably financial intermediaries who, other than complying with the basic requirement of registration under outdated company law are at present unregulated and unsupervised. This is important if Gibraltar is to preserve its reputation as a financial centre and not acquire the reputation that one or two offshore tax havens in the Caribbean have acquired.

To conclude this review of the economy and prospects for the future, Mr Speaker, I refer to my remarks at this stage twelve months ago when I referred to conditions as being favourable for the further development of the economy and a further improvement in living standards. That expectation has certainly been fulfilled and there are favourable prospects for continued development and improvement in 1987.

Mr Speaker, I shall leave detailed comment on the Government Estimates for the debate on the Appropriation Bill.

The buoyancy of receipts from income tax was the outstanding feature on the revenue side and this was very much an end-of-year phenomenon. This gives rise to some doubt about the forecast for 1987/88. Having regard to trends in earnings and employment, and hoped for improvements in collection of tax revenue, the estimate for 1987/88 may well be on the low side.

Sales of Government debentures were rather lower than expected at a little over £1m. It was expected that the Consolidated Fund would contribute that amount to the Improvement and Development Fund for capital projects during the year. However, because of delay in bringing projects forward, plus the availability of funds from other sources, this contribution will be deferred until 1987/88. A further contribution of £1m from sales of debentures has also been assumed.

The finances of the Improvement and Development Fund assume receipts of about £3m from the sale of Government properties. However, the timing of these is also uncertain. There is available a further £1m within the Government's existing borrowing powers. If this is insufficient, a new borrowing bill will be brought to the House during the current financial year. Debt charges for 1987/88 will in any event be lower than for 1986/87 (ignoring the exceptional refinancing of the £4m Midland Bank loan) and public debt now stands at a lower level than at the end of either of the last two years. Having regard to buoyant economic conditions there is ample capacity for further Government borrowing for capital purposes should this be required.

No increases or reductions will be made in charges for municipal services this year. The deficits in both the Electricity and Housing Funds will therefore be met, as in recent years, by contributions from general Government revenue.

The Telephone Service is now in surplus and a further financial improvement is expected during the current year. However, the surplus is relatively small and there is every likelihood, following the recent increase in demand, that both exchange and local line capacity will be exhausted earlier than hitherto expected. Funds will therefore be required for capital expenditure and it is reasonable at this stage to assume that a proportion of the financial requirements will be met from internal sources as well as from borrowing or supplier finance.

In the case of the Potable Water Service, the surplus is more substantial. However, assuming an increase in domestic demand in line with current and planned developments it is possible that new sources of supply or distillation capacity might be required even before 1990. In addition there is uncertainty about MOD and GSL requirements. As in the case of the Telephone Service, therefore, the surplus may be needed for future capital development purposes in the not too distant future.

In the light of the buoyant and increasing trade in the retail sector generally, the Government does not think that any wholesale change in import duties is called for and the existing rates of import duty will be generally maintained for the coming year. But there is a good case for restructuring import duties on motor vehicles, and this already appears to have been recognised by the media. Sales of motor vehicles have been buoyant since the opening of the frontier although sales of new cars in 1986 were lower than in 1985. However, the circumstances which led to the present structure of duties; which favours the purchase of smaller cars, no longer apply with a fully open frontier and with foreign visitors representing a substantial proportion of local vehicular traffic. There are too many duty bands and the top rates of duty are certainly too high. It is cheaper to purchase a high value car abroad second-hand and pay duty on entry rather than purchase new locally.

It is therefore proposed to replace the existing five bands with three as follows:

<u>Engine Capacity</u>	<u>Rate of Duty</u>
0 - 1500 cc	25%
Over 1500 cc and up to 2000 cc	30%
Over 2000 cc	35%

At a crude estimate some £200,000 of revenue could be at risk as a result of this restructuring, which is nevertheless designed to boost sales of medium-sized and medium-cc rated vehicles as well as those of higher value or a higher cc rating. In other words, the new structure should encourage sales of higher value cars within all bands.

The current structure for self-drive vehicles is the same as for ordinary cars, that is, comprising five separate bands. This is in contrast to the arrangement for other commercial vehicles such as taxis, minibuses, coaches, lorries, etc which pay an effective rate of 18% net. As a result 90% of the local car hire fleet is of the smaller engine size. It is therefore proposed to extend the commercial vehicle rate of drawback to 18% net in the case of self-drive cars with a view to encouraging sales of higher rated and higher value cars and promoting export resales. A system similar to that operated for taxis will be operated in those cases where car hire vehicles are sold privately. The revenue at risk is low.

At present all spares carry a 30% duty rate with the slightly notorious exceptions of car seat covers and also car radios. Although sales of spares have been buoyant, there is little doubt that the Gibraltar trade suffers by comparison with prices across the frontier, where duty payable is 12% VAT. Taking into account that private motor vehicles over ten years old will now be subject to fitness tests, there should be increased demand for spares locally. It is therefore proposed to reduce the duty on spares for all vehicles to 12%.

As a measure to encourage the use of mopeds, import duty on motorcycles up to 50 cc engine capacity will be levied at 12% and registration of such motorcycles will not be required. The licence fee for motorcycles with engine capacities of over 50 cc and up to 125 cc, which I am told is a pretty powerful engine these days, will be reduced to £10 per annum. In the case of motorcycles up to 50 cc engine capacity there will be no requirement for the wearing of crash helmets.

In future the transfer of ownership of GG registered vehicles to another non-resident of Gibraltar will be allowed without the present need for the duty originally allowed on drawback to be repaid. The seller will have to provide satisfactory evidence that the buyer is not a resident of Gibraltar. Renewable road tax licences will in future be allowed in the case of all GG registered vehicles whether or not purchased new in Gibraltar but import duty on cars registered with GG plates will be raised from the present 2% to 5%.

There will be no change in the rate of corporation tax which was reduced from 40% to 35% last year. However, with the improvement in economic conditions and surge of new development since the opening of the frontier, it is timely to re-examine some of the allowances and reliefs which are now available to the corporate sector.

The most notable of these are contained in the Development Aid Ordinance. This provides for up to 100% of the capital cost of a project to be deducted from net profits, relief from rates on a scale ranging from 100% to 20% over a period of five years, duty free import of goods in the case of a new industry, and capitalisation of interest charges on loans for the purpose of calculating tax relief. In addition, the Income Tax Ordinance provides for 100% depreciation or initial allowance on items of plant and equipment which can be offset entirely against profits on a short term project, with tax losses being carried forward from one year to another.

The purpose of these allowances was to stimulate development and encourage investment on the Rock during years of siege. Whether they in fact achieved such objectives is debatable. By that I mean that it is arguable whether investment decisions rest critically on the availability of tax concessions. Twenty years ago it was thought that they did. There is now an impressive body of economic opinion which takes the contrary view, that they merely encourage inefficient use of resources. Be that as it may, the loss of tax revenue is impressive. The tax concessions granted under the present Development Aid Ordinance, which has been in operation since 1981 amount to some £20m, to which must be added relief from rates. It is possible for a company so to arrange its programmes as to enjoy an indefinite tax holiday. Moreover if there is a distribution of profits by way of dividends, individual shareholders in a company will benefit because the tax concessions are automatically passed on to them. It would be no exaggeration to say that this Ordinance has contributed in no small way to the low tax yield from the corporate sector.

Following the opening of the frontier, the demand for land and the pressure on resources of the construction industry in connection with projects of a touristic and financial nature, and for office space generally, has been such that there is no longer any convincing economic argument for the continuation of development relief on the present scale. About two-thirds of the licences granted under the 1981 Ordinance have been since the opening of the frontier. When economic and fiscal criteria coincide the case for amendment becomes overwhelming.

The Government proposes to make the following changes. As an immediate measure the qualifying level for social housing development to be completed within two years and with a minimum of three units will be raised to £200,000. The qualifying level for touristic developments and projects aimed at improving the economic and/or financial infrastructure of Gibraltar will be raised to £500,000. In the case of projects to be completed within two to five years the qualifying limits will be raised to £400,000 and £1m respectively. As from the 1st April, 1988, development aid relief will be confined exclusively to housing developments only as a further measure of assistance to home ownership in Gibraltar.

The Finance Bill will also include some minor amendments to the conditions under which development aid licences will be granted which will be explained more fully at the Committee Stage.

Most of the arguments just advanced also apply to the 100% depreciation or initial allowance now available under Section 18 of the Income Tax Ordinance. The Government proposes to abolish initial allowances entirely on any item of plant or equipment purchased after 30th June, 1987. The normal wear and tear allowances provided under Section 16 of the Income Tax Ordinance, ranging up to 25% on a straight line or reducing balance basis, will continue to be given.

No changes are proposed either in fees for tax exempt companies or for offshore banking licences. In the case of companies with a brick and mortar present in Gibraltar, the proposals just outlined will have an increasing revenue raising impact. There are however a number of other minor but important amendments to existing legislation affecting finance centre activities.

In the 1985 Ordinance, tax exempt and qualifying companies were freed from all stamp duty on documents relating to property not situate in Gibraltar. However, a drafting technicality prevented this exemption from being extended to transfers of shares. This puts Gibraltar at a disadvantage compared with other finance centres and this oversight will now be corrected.

The rate of tax on qualifying companies was fixed at 27% at a time when UK corporation tax was twice that rate, ie 52%. There are few qualifying companies but it is proposed to reduce the tax rate to half the current UK rate on income remitted to Gibraltar - that is to 17%.

As the law now stands, a non-resident owner is exempt from tax on income derived from operating or chartering ships whether or not they call at Gibraltar, but only if the ship is not registered here. The effect of this is the reverse of what is intended in that it discourages non-resident owners of ships from using Gibraltar as a Port

of registry and forming a tax exempt company for this purpose. The Income Tax Ordinance will therefore be amended to allow non-resident owners of ships and aircraft registered in Gibraltar exemption from tax.

A tax loophole which was probably never envisaged by the authors of the legislation exists in the case of "permitted individuals" who work for tax exempt companies with a brick and mortar presence in Gibraltar, and who live on the other side of the frontier. With an increase in the number of banks and financial institutions, the number of such individuals is also on the increase. At present a permitted individual, that is to say, a frontier worker, employed by such a company, working side by side with a Gibraltar resident, escapes income tax entirely whereas his Gibraltarian mate would have to pay. This does not make for matiness and is clearly inequitable.

The situation is in fact even more bizarre than I have just described. An Englishman, an Irishman or a Scotsman who works for a tax exempt company and lives in La Linea or Algeciras would pay tax but a German, a Spaniard or a Frenchman would not. However, if the Englishman, the Irishman and the Scotsman went to live in Sotogrande, they would not pay tax. This sounds like the beginning of a joke, but in fact is the end of a tax nonsense. The Companies (Taxation and Concessions) Ordinance will be amended to bring such employees of tax exempt companies within the tax net as if they were ordinarily resident in Gibraltar. No change is intended to the tax exempt status of the company itself or the distributions, dividends, fees and other payments made to non-resident directors or those in beneficial ownership.

I will now turn to the Government's main income tax proposals.

The personal allowance will be increased from £1,100 to £1,450 for a single person and from £2,200 to £2,800 for a married couple. The childrens allowance will be increased to £500.

There will be a number of consequential adjustments to the Income Tax Ordinance of a minor nature which are linked to these allowances.

The initial 20% band of income tax will be increased from £1,000 to £1,500. The 30% and 35% bands will both be increased to £5,500.

The 40% and 45% bands will be increased to £3,500.

It is estimated that the tax loss from these proposals could be slightly more than £3½m in a full year or £2.7m in the 1987/88 financial year.

I shall be circulating, with your permission, Mr Speaker, after the Chief Minister's contribution to the debate, and together with copies of my speech, a table which will show the effect of the tax proposals at various income levels. The effect will vary depending on individual circumstances. The table I am about to circulate does not take into account the effect of social insurance and superannuation contributions or relief obtained from life insurance premiums from which, in varying degrees, many and in some cases all taxpayers benefit. I would therefore like to say something about the effect of these reductions on the earnings of the "average" Gibraltarian family shown in Table 17 of the October 1986 Employment Survey, that is to say, on the take-home pay of a full-time weekly-paid adult Gibraltarian male, married with two children, wife not working and with average weekly earnings of £150.

After deduction of income tax and social insurance contributions, but adjusted for family allowance, net take-home pay of £120 will now rise to just over £126, an increase of 5%, which gives a further boost to disposable income following the increases in earnings and reductions in taxation during the past year or so.

It is also worth comparing the figures of earnings and take-home pay with those of a comparable family unit in the United Kingdom following the recent tax reductions made by the Conservative Government. Much has been made of such comparisons recently in the Gibraltar press and other organs and a great deal of what has been said is unfortunately misinformed because, universally, the comments have not taken into account differences in tax structure. While personal allowances appear to be higher in the UK and tax rates less onerous at higher income levels, UK social insurance contributions are far higher than in Gibraltar, they are not tax deductible, and other allowances available to Gibraltar residents such as children's and relief for life insurance premiums which reduce the effective rate of tax, are not enjoyed by UK taxpayers. Such differences in structure put the comparison in a rather different light.

A weekly paid adult male married with two children, wife not working, with earnings of £150 a week in the United Kingdom would take home, after tax and social insurance contributions, about £119 a week, whereas a Gibraltarian will now take home £121 a week. The inclusion of family allowance on both sides of the comparison would put the UK wage earner at £133 compared with £126 in Gibraltar. At higher income levels where Gibraltar rates are, as I have said, ostensibly more onerous, the scope for reducing the effective rate of tax through other allowances is naturally more substantial.

To give a further illustration; with the new tax rates, a married man with a child who takes out the maximum Life Insurance to which the tax rules entitled him would reach the 50% rate in Gibraltar with assessable income of £30,000. In the UK where the rules do not entitle him to any deduction for Life Insurance, the same individual will reach 50% with assessable income of £29,000. The top rate of tax in the UK is 60%.

Any tax comparison between one country and another is a difficult exercise. It is necessary to take into account indirect taxation, levels of VAT, excise duty and other rates and levies. This comparison cannot readily be made in terms of individuals because family expenditure patterns vary, although there is less elasticity at lower income levels than at higher. Nevertheless, Hon Members will all be well aware that, although direct taxation has been reduced since the Conservative Government took office, there has not been a significant improvement in the living standards for those on modest incomes. That certainly cannot be said of Gibraltar. The tax burden has been substantially reduced and living standards have improved at all income levels. Not only that but the yield from all forms of taxation in Gibraltar now represents a lower proportion of national income than in the United Kingdom.

There are some minor changes to allowances. The qualifying limit of income for age relief (over 65's) will be raised from £3,000 to £4,500. The blind person's allowance will be increased from £150 to £250 and the allowance for apprentices from £200 to £250.

A number of changes affecting tax deductions for the maintenance of children, to enable either parent to claim tax relief, where alimony is paid under a Court Order in varying circumstances, will also be made and explained more fully at the Committee Stage.

An amendment to the Ordinance will be made to speed up the monthly payment of PAYE. Where the tax cannot be quantified by the Commissioner he cannot at present institute legal proceedings for its collection. This is open to abuse by slow payers. Following UK practice it is proposed that the Commissioner be empowered to make an assessment of the amount due based on recent records. After the serving of due notice on the employer, and if arrears are still not paid, the amount calculated by the Commissioner will be deemed to be the amount of tax overdue for the purpose of legal proceedings.

The Government will give further consideration to proposals that the allowance of up to £2,000 payable when a deposit is put down on the initial purchase of a home should be payable during the course of construction rather than on completion. However, this proposal raises some legal and administrative problems.

The amount of interest deposited in a building society account and the Post Office Savings Bank which will be allowed as tax free will be raised from £500 per annum to £600 per annum.

The Government is to carry out a review of the provisions of the Estate Duties Ordinance with a view to introducing a progressive system, that is to say, where duty is charged at a higher rate on successive tranches of estate value instead of the present arrangements where duty on the whole estate is payable at progressive rates. I hope that everybody understands what I mean. It took me some considerable time to find a formula which would describe that, Mr Speaker. At the moment, if I may digress from my speech, at the moment the first £10,000 is exempt, the next £10,000 is paid at 5%, the next £10,000 if your estate is worth more than £20,000, you don't pay 10% on the next tranche, you pay 10% on the whole lot and that is the change which I was attempting to describe but alas my eloquence was unequal to it. However, as an immediate measure before the review is completed, the amount of estate on which no duty is charged will be raised to £20,000 and the width of all the other duty bands will likewise be doubled.

The fee chargeable on each fare paying passenger on departure from and arrival in Gibraltar by ship will be increased from 30p to 50p.

As a measure to encourage non-residents, mainly British expatriates, to place bets through Gibraltar rather than London, a concessionary rate of gaming tax will be introduced for this purpose only. This will be applicable to telephone bets on credit only and there will be no public access to the premises either by Gibraltar residents or anyone else. There will be no change in the standard betting tax for residents.

I should now like to say something, Mr Speaker, about the tax treatment of pension schemes in the private sector which has been highlighted by one case recently and over which there has been some confusion.

The Government does not control private sector pension schemes and a scheme can provide whatever benefits its members and the trustees wish. But the Government does have a responsibility to see that the tax concessions applied in favour of such schemes are fair and equitable having regard to the interests of all taxpayers. At present contributions by both employers and employees to a private scheme enjoy favourable tax treatment. Not only that, but the investments made by a pension fund are also given favourable tax treatment. It is also customary to allow up to 25% of the capitalised value of the retirement pension to be taken as a lump sum free of tax. This is usually referred to as 25% commutation.

A number of pension schemes have in the past been set up in Gibraltar which provided for 100% commutation and these were approved by the then Commissioner of Income tax. This potentially large tax loss is not something the Government can contemplate in future. Occupational pension schemes provide a retirement income additional to social security pensions which should be taxed as earned income. A lump sum free of tax which can then be invested so as to avoid tax is a blatant breach of that principle. There are various options open to Government which has considered how best to correct this matter. These include taxing the lump sum, taxing the investment income of the pension fund which provides 100% commutation, not approving any further schemes which provide for commutation in excess of 25% of the capital value of the annual retirement pension. Those, as I said, are the various options.

There is no intention on the part of the Government to interfere with the operation of any existing scheme. However, the Commissioner of Income Tax will not give approval to any new scheme or alteration of existing schemes presented to him which provides for more than 25% commutation and has not in fact given such approval now for some two years, unless the circumstances were in some way exceptional. The circumstances of the case I mentioned were in fact exceptional.

The Government believe that it would be unfair to impose tax on those who are already members of a scheme, approved by the then Commissioner of Income Tax and approved on the understanding that the 100% lump sum provided by the scheme would be entirely free of tax. Any individual who is already a member of such approved scheme will therefore continue to enjoy this expectation.

However, the Government do not consider that any new member is so entitled. Therefore, anyone joining, after the 30th June, 1987, an already approved scheme which provides for a capital sum on retirement, will be taxed at a rate of 20% on the amount in excess of the normal 25% commutation.

The Government believes that this is a fair and equitable way of dealing with a difficult problem. It will ensure that the potential tax loss is progressively reduced over a period of time and that the tax treatment of such schemes in future conforms with requirements which are in the interests of the tax paying community as a whole.

Mr Speaker, it would be a fair summary of the various measures just outlined to say that they reflect generally the buoyancy of the economy and the opportunities which now exist for the further creation and sharing of that wealth in Gibraltar, and the measures I have described in my Budget speech should, I hope, be considered in that light. Even the withdrawal of a number of tax concessions from companies reflect the confidence which there exists in Gibraltar and the investments now taking place.

It remains for me to respond to the annual clamour for literature as well as facts and figures during the Budget. This is the second occasion on which it has been possible for me to present a Budget which reduces personal taxation. The first two featured Orwell and Asquith and the third ended with quotations from Shakespeare. So, for a change, how about this:

Riches, like insects, when concealed they lie
Wait but for wings and in their season fly.
Who sees the FDS pine in his store
Sees but a backward steward for the poor.
Two years ago a reservoir of care
But now a fountain spouting through the air.

Mr Speaker, it is time for me to stop spouting, I commend the Bill to the House.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, as I stated last year, the Government approaches the Budget as an opportunity to present its economic and financial policies and explain the direction in which it proposes to pursue these. The formulation of a Budget is not solely an exercise in financial reconciliation and discipline. It goes much further. It is an exercise in the management of resources to create and distribute income and wealth; it concerns the efficient use of expenditure and planning of investment to maximise employment and provide for the social and infrastructural needs of the community as a whole; above all, it involves the application of a policy instrument aimed at strengthening the economic and financial base. All this is particularly important for Gibraltar. Our economy is small and our resources are limited. Our needs and standards, in financial terms, almost inevitably develop disproportionately to our size. And, ultimately, it is in our economic strength where our political strength lies.

No Budget on its own, however, can create the right conditions for economic growth or prosperity, or indeed correct the distortions or inefficiencies inherent in the economic system. But each Budget should respond to a plan, provide a steer, and set aims and objectives. The extent to which this is possible varies from year to year depending, to a large extent, on the effects of external events or influences. The effects of a closed frontier, or threatening Dockyard closure, were, for example, factors which significantly reduced our ability and flexibility for fiscal intervention in recent years.

I say all this, Mr Speaker, by way of introduction in order to underline the political and economic thinking in the presentation of this year's Budget. There are those who may find it irresistible to say that we have produced a Budget geared simply for an election. We do not believe in prostituting the Government's finances for such a purpose. Our long record in Government has more often than not been marked by tough Budget measures prior to an election. This Budget responds to the need to improve economic conditions, not to win votes. It follows the course we set for ourselves last year by concentrating primarily on the need to reduce the burden of direct taxation. It is a Budget which aims to continue improving the lot of those who have directly borne the brunt of rising real tax levels at a time of economic uncertainty and general recession. It is only right that there should now be a further measure of redress given the improving economic climate.

The Financial and Development Secretary has already described with his usual eloquence and fine detail - not excluding a reference to Shakespeare - the economic and financial outlook. It is reassuring to see that the economy is on a steady path of recovery. There is a significant increase in private sector development, with investment in large projects such as Queensway and Rosia still to come on stream. There continues to be remarkable growth in tourism and the financial services, with the consequential benefits evident in ancillary sectors such as the retail and distributive trades, bars and restaurants and communications generally. In large measure, this is attributable to frontier normalisation which has enabled the private sector to seize the opportunities to develop and diversify under normal economic conditions. As a result, employment has increased and the tax base as a whole has begun to widen. This trend must nevertheless be examined in balanced terms. To some extent, renewed private sector investment is currently experiencing an early burst which should eventually taper into a more settled pattern. Additionally, as the Estimates of Expenditure reflect, this surge in activity is accompanied by increased demand for public sector services, notably in infrastructure. It is therefore necessary not to be overcome by a false sense of over-optimism.

I would now like to turn, Mr Speaker, to another key area of the economy, namely, the commercial dockyard. There has, as the Financial Secretary already said, recently been detailed and exhaustive debate in this House on the question of Gibraltar Shiprepair Limited, particularly in the context of the Government's decision to inject increased share capital into the company. I do not intend to revive a debate on this matter today. But it is important that I should repeat the message that both management and the workforce should continue to work together to help secure viability for the yard.

Fortunately, the underlying industrial relations problems which bedevilled the yard last year seem to have dissipated. This spirit of consensus is vital if Gibraltar Shiprepair Ltd is to continue making an important contribution to the stability and development of the economy. As I explained last year, the Government sees that contribution as complementary in packaging the role of Gibraltar as a centre for shipping, together with bunkering and other Port activities. It is with this aim in mind that we recently passed legislation to upgrade our shipping registry.

I now come to the Government's financial position, which I shall comment on briefly. In general terms, I would say that the prospects for this coming year represent a consolidation of the improved financial outturn in 1986/87. Recurrent revenue were buoyant, growing at a faster rate than recurrent expenditure. The net improvement in reserves at the beginning of this financial year was around £1m. This takes account of the carry-over of the unspent £1.5m contribution to the Improvement and Development Fund which, this year, will be topped up by a further £1m, as part of the Government's commitment towards the 1986/90 Development Programme. Our debt servicing will be reduced following the refinancing planned last year. With reserves forecast to stay at around £11m by the end of the financial year, the Government considers that there is sufficient flexibility to make a fairly substantial reduction in the level of personal income tax as described by the Financial Secretary.

The income tax changes which the Financial and Development Secretary has already announced represent a 'give-away' of up to £4m per annum. For the individual on average earnings it represents a tax cut of around £4 per week if single, around £4.50 per week if married and £5 per week if married with one or more children. This should add around 4% to the net take-home pay of an average wage earner, resulting in an increase of some 15% compared to the parity start date of October, 1978. With the increase in allowances and wider tax bands, an individual will now not reach the 50% rate until he earns just under £21,000 per annum if single, and over £22,300 per annum if married. What is perhaps more telling is that we are reducing the tax bill for around 40% of taxpayers, ie all those earning under £6,000 per annum, by between 15% to 25% depending on marital status. A married man with children earning, say, between £80 per week to £120 per week will enjoy a tax cut of between £3.50 to £5 per week. Other tax changes relate to the need to clarify and tighten the Income Tax Ordinance, particularly in areas which are open to abuse.

Apart from reducing personal taxation, we have also considered that there is now justification for reducing import duty on motor vehicles, motorcycles and spares. This follows our approach of streamlining and selectively reducing import duties in order to improve price competitiveness in an open frontier situation. Changes to the Development Aid Ordinance are again in response to changing economic circumstances.

There is one point that the Financial Secretary has no doubt omitted unintentionally and that is the concession to be made in the Estate Duties Ordinance. The matrimonial home held in the joint names of a husband and a wife will be free from estate duty as well, that is the same as it is in England. This helps towards home ownership. If a private home is held by the husband and the wife, the share of the deceased partner will not be accountable for estate duty purposes.

Mr Speaker, I would like to conclude by saying that this year's Budget follows a fiscal strategy which was mapped out in 1981, but which was subsequently interrupted by the recessionary impact of the dockyard rundown and closure and the aborted frontier opening and the two and a half years of pedestrian limitation. Last year, we resumed that strategy which was aimed at reducing the heavy tax burden and creating the necessary incentives for stimulating demand, employment and investment in the economy. Over the past few years we have been steadily laying the foundations for this. We intend to continue this task at the next Budget once our party is returned to Government.

MR SPEAKER:

As you are well aware and under our Standing Orders we now have to recess for a period of not less than two hours to enable Members to digest and assess what has been said upon which we will return and debate the Second Reading of the Finance Bill. I would like to get the feelings of both the Hon and Learned the Chief Minister and the Hon Leader of the Opposition as to how long they would wish to recess for.

HON J BOSSANO:

I would like to ask, Mr Speaker, this year for more time than I usually do because, in fact, the contents, in particular, of the Financial and Development Secretary's speech with all the details of things like the changes in the Development Aid Ordinance and so forth, are something of which obviously we have not had any previous indication anywhere, not even by speculation in the press, and which we are looking at and thinking of for the first time. I think we would need at least till about 5 o'clock.

MR SPEAKER:

So we will then now recess until 5 o'clock this afternoon when we will continue with the debate on the Second Reading of the Finance Bill.

The House recessed at 12.10 pm.

The House resumed at 5.10 pm.

MR SPEAKER:

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

HON J BOSSANO:

I think I will say something, Mr Speaker. I find, Mr Speaker, that although there are a number of references in both the contribution of the Financial and Development Secretary and the Chief Minister this year to the management of the economy and although the contents of the Financial Secretary's statement does contain a number of elements which could be said to be related to economic policy, much of the criticism that we have levied in the past at the Government for failing to do before and continuing to fail to do today what it is for the first time ever recognising as necessary still hold true. Therefore I could say that much of the analysis that I made last year could be said to continue to apply now with, of course, the added aggravation from the point of view of the people of Gibraltar that this is the year when the baby is supposed to be delivered. The promises of the goodies which we heard of in the past are supposed to be seeing the light of day today in what is the last AACR Budget of the present term of office and we hope the last AACR Budget for a very long time to come and what I assume must be the last Budget of the Financial and Development Secretary although I suggested that before last year and he quickly jumped up to say no. But, of course, the Financial and Development Secretary has, in fact, the unusual distinction of having done four Budgets - the 1984, 1985, 1986 and 1987, whereas his predecessors have generally done three. And therefore in looking at the performance of the Government we are looking at the performance of the same Financial Secretary during the same term of office. And, of course, in looking at the performance of the AACR we are able to look to continuity in office since 1972. One never knows really what the Government itself believes of what it puts in front of the House of Assembly. I have never been sure in my own mind, Mr Speaker, because in the fourteen years that I have been here I listen to the Hon and Learned the Chief Minister praising Financial Secretaries while they are two steps away from him and then finding

fault with them when they have departed from our shores. Therefore we hear the Hon and Learned Member saying how eloquent our current Financial Secretary is and we don't know whether he is as eloquent in the eyes of the Chief Minister as Mr Mackay was in 1972, Mr Collings was in 1976 or Mr Wallace was in 1982/83. Certainly the difficulty that the Government has in persuading people to believe the things that they want us to believe is in no way helped by the contradictions in the statements that they make amongst themselves. That is to say, we had, as I mentioned before, the Hon Mr Brian Perez making last Thursday a Party Political Broadcast which consisted primarily of his reading the interpretation of the October Employment Survey and the comments of the Statistician and he did the same thing last year and he referred to the contrast between the picture there and the prophets of doom. I pointed out to him last year, Mr Speaker, that in fact the worst prophets of doom had been the Hon and Learned the Chief Minister and the Financial and Development Secretary in 1984 and 1985 with the presentation of the Accounts that were brought to the House. It wasn't the GSLP who invented a situation of saying 'there is going to be a balance in the Consolidated Fund of £1.7m', it was the AACR in Government who said that that was happening. And they said in the 1985 Budget, if the Hon Member would like to look at page 5 he will find a projection of a situation in March, 1986, where the reserves are down to £1.7m and a need to borrow £2m. That looks pretty gloomy to anybody looking at it and therefore if the Hon Member wants to know where to look for the gloom, all he has got to look into is the past of the statements made by his own Chief Minister. And, in fact, if he wants to temper his enthusiasm in his Political Broadcast he should read what the Hon and Learned Member has had to say this morning when he has told people not to get carried away and be over-optimistic about the state of the economy. I think the Hon and Learned the Chief Minister should have given the Hon Mr Brian Perez a preview of his Budget statement last Thursday in time for the Party Political Broadcast. What then is the situation that we have today in terms of the state of the economy? How does it compare with the past? Is the optimism justified or is it not justified? Is the position now one that permits the Government to do things that they would have liked but could not do in 1982 or 1982 or 1983? Because, I think, Mr Speaker, I have, in fact, in the past said that independent of how one may wish to approach the resolution of problems, at least we ought to be able to agree on what the problem is and then the political difference lies in how we solve it. And I have also said many, many years in this House, Mr Speaker, that there appears to be a clear tendency to present a picture which suits the particular political message of that particular Budget. It has been denied by every Financial Secretary but, of course, we had last year, for example, the Minister for Economic Development clearly stating that it was the hold of

the Treasury and the thinking of the Treasury and the requirement of the Treasury for six months of reserve in 1972, which brought about a general strike. That, in fact, was being politically defended in 1972. So in looking at the level of reserves and in looking at the projections for the future necessarily we also have to look at the past. I think we have to compare legitimately because, in fact, the Government is coming to the end of its term of office and it has to go back to the people to seek a renewed mandate and it has to do it as the Hon and Learned the Chief Minister himself acknowledged in his New Year Message, it has to do it on its record and clearly it will seek to present its record in one particular light to the people of Gibraltar and we have a function of presenting it in a different light, in the light in which we see it. In 1972/73, Mr Speaker, when the Government came in and they have been in Government since - we must not forget that - as Mr Canepa recognised last year the freedom of movement was considerably less than it is now because there was this view taken that the reserves had to bear a fixed relationship to the level of revenue or the level of expenditure and, generally speaking, there had to be enough money in cash in the general revenue balance as it was then known, the Consolidated Fund as it is now known, to be able to meet six months of expenditure. We would then be talking of a need for reserves now of £35m. But the fact that they don't have to do it anymore means that they are able to do things now that could not be done then. But one cannot forget that that is what they inherited when they came in. When they came in in 1972, Mr Speaker, what they inherited was a situation where the reserves were of the order of £1½m to £2m; the public debt was of the order of £3m and annual expenditure was of the order of £4½m to £5m. So, in fact, in terms of financial strength Gibraltar is poorer and weaker after four successive AACR administrations than it was when the AACR came in. Has it been a gradual decline? No, what the figures show is that there was a decline until they were fortunately defeated on their views on parity which they now accept and which was, if I may say so, excellently defended last year by the Minister for Economic Development who put an argument explaining how good parity had been for Gibraltar in 1978, 1979 and 1980 with the pay flowing through the packets of consumers and sustaining the private sector during the period of the closed frontier and with wage increases below the rate of inflation in the years 1982 and 1983 cushioning the private sector from the forces of union bargaining. In fact, Mr Speaker, I think that again is in the past but what we have as a result of that is, of course, that by the time the full effect comes through the economy the Government in 1981 - and Mr Canepa, in fact, referred last year to 1981 as the year when this was finally bearing fruit although at the time I think it was Mr Brian Perez who claimed that it was due to the sound economic policies

of the Government in the Budget of 1981, I think if he checks his speech he will find it there. In 1981 the Government had £9m in the reserves and £9m of public debt and the reserves reached their highest point at the end of 1983 when they almost touched £12m, at the end of 1983. And, of course, during the course of the financial year 1983/84 we switched Financial Secretaries and the reserves have been coming down since, Mr Speaker. When our last Financial Secretary left, I think the Hon and Learned the Chief Minister was full of praise for him and said he was the best Financial Secretary Gibraltar had had for a long time and I think all Members of the House joined in the expression of that sentiment although, of course, some of the policies that he advocated and which I have defended since, do no longer enjoy the support of the Government that defended them then because they have changed Financial Secretary, presumably, not because they think he wasn't as good as they thought he was at the time. And, in particular, their policies on debt on which the Financial Secretary has made only a passing reference and I am afraid after the controversy of the correspondence of last July and after the statements he made in the last Budget it cannot be simply swept under the carpet and dismissed by saying that the outstanding amount of debt is coming down. So therefore we need to take the Hon Member and the Government that carries the political responsibility for the decisions that he defends, because I am not entirely sure whether what we have is a situation where we have the AACR defending the Traynor economic programme, Mr Speaker, or the Financial Secretary defending the AACR economic programme. I think if one were able to tell more clearly where the political responsibility for the economic decisions lie, one would be put in a better position. However, what is clear is that in looking at what the Government is doing on income tax this year we find, first of all, the argument that they are able to do something about income tax this year and were not able to do it in the past because of the performance of the economy, that is, because of the performance of the Government's own income and expenditure. Because when we are talking, of course, about changing the tax rates, there is no question of the Government giving things back to the taxpayer, the Government would be giving things back if it gave them back some of the tax they have already paid. What the Government is saying is whether it is going to tax them the same or more or less in the future, that is what we are talking about and presumably it decides that it needs to tax people less because it can forego the money, it doesn't need the money or because it accepts that socially and politically Gibraltar is overtaxed compared with other places and even if we need the money there is a limit to how much you can tax people or, thirdly, according to the letter that the Financial and Development Secretary wrote to me last year but which he seems to have forgotten about since, because it is possible to stimulate the economy by reducing

taxation instead of by investing. And, in fact, the Hon Member told me last July, Mr Speaker, that not to accept that philosophy which nobody accepts in this House including him anymore, was reminiscent of the Politburo in the days of Stalinism. I don't know whether that means that the Financial and Development Secretary was a Stalinist in the Budget of 1985, ceased to be a Stalinist in July, 1986, and has become a Stalinist once again in the Budget of 1987. I consider that the policy of borrowing money for capital investment and seeing the establishment of levels of taxation not as an instrument for the stimulation of demand but as a way of meeting certain social objectives is the only thing that makes sense in the kind of economy we have. And, in fact, if it ever could have been argued that tax cuts as a way of stimulating demand could be used as an economic management tool, that argument must have been lost necessarily when the frontier opened because the Hon Member no longer knows what the multiplier effect is in the economy so he is no longer able to tell anybody what is the effect of stimulating the economy by doing something and unless you know what the effect is you don't do it, Mr Speaker, if you know your business. So we must come to the conclusion that the third argument is not applicable and that therefore the first two arguments have to be considered. If we look at the ability to make that payment it is very strange that the one thing that doesn't appear in the Hon Financial and Development Secretary's statement or in that of the Hon and Learned the Chief Minister which is normal to mention in presenting the Finance Bill and the Estimates of Expenditure is how we have actually finished 1986/87. Have we finished 1986/87 with a surplus or have we finished 1986/87 with a deficit? I think there is a reference in the Hon and Learned the Chief Minister's statement, on page 4 it says: "The prospects for this coming year represent a consolidation of the improved financial outturn in 1986/87. Recurrent revenues were buoyant, growing at a faster rate than recurrent expenditure. The net improvement in reserves at the beginning of this financial year was around £1m. This takes account of the carry-over of the unspent £1.5m". I don't know whether the Hon and Learned Member understands what he is saying there.

HON CHIEF MINISTER:

Only you understand it.

HON J BOSSANO:

Well, I know that the person who wrote it probably does because it is quite obvious that if there has been a marked change in the presentation of the Estimates in the last two years it is that the Hon and Learned Chief Minister has changed speech writers and instead of this having the hallmark of Pitaluga, it has the hallmark

of Montado now, Mr Speaker. I am sure he does and I do but I wonder whether the Hon and Learned Member does or whether the Financial and Development Secretary can enlighten the Hon and Learned the Chief Minister and tell him that, in fact, we have finished the year with a deficit of £385,000 and that we are not talking about a carry-over of an unspent £1m, we are talking about having borrowed last year £1m. The philosophy that I see here which is the philosophy that I have seen defended by the Financial and Development Secretary, Mr Speaker, was the philosophy unacceptable to the Hon and Learned the Chief Minister in 1985 when he came almost apologetically to the House and he told us that the projection for 1986 was that we would finish up with reserves of £1.7m and he showed as a borrowing requirement an increase to the reserves £2m. £2m were being borrowed because in 1985 the Hon and Learned the Chief Minister told the House of Assembly and told the people of Gibraltar 'the frontier has just opened, it is too early to say what the results will be, we consider £1.7m to be too risky an amount to have in reserves so we are going to borrow £2m reluctantly to put in reserves'. That is what he said in 1985. What does he tell us in 1986? Having borrowed £1m he tells us that the revenue is buoyant. Is he telling the House that it is a legitimate, economic or political philosophy to argue that the more you borrow the more buoyant your revenues are? Well, then if he had borrowed £5m we would have been able to say 'we have a surplus of £3m'. These are important matters that have to be defended politically, Mr Speaker, and the political responsibility has to be carried. This is why I am questioning whether he really understands that he said something here in 1987 which is, in fact, a contradiction to what he told us twenty-four months ago in terms of political thinking about what is the right way or the wrong way to conduct certain financial operations. The Financial and Development Secretary has told us that if there is a need to finance the Development Programme that there is £1m of available borrowing powers and that if that should prove insufficient then a Bill could be brought to the House to increase the Government's borrowing powers. Well, is he saying that he has now accepted that any further borrowing will be only for capital spending, because he mentions capital spending only. Does the Government think it is reasonable so close to the end of their term of office to seek new borrowing powers? Can the Hon Member explain to the House why it is that in 1981 with reserves of £9m and a public debt of £9m there was such great difficulty according to his predecessor and according to the Minister for Economic Development at the time in convincing the British Government that Gibraltar's public debt was low and could be increased? And today with £26m we have got ample room for borrowing more and with lower reserves? Can he tell me when he is going to finally announce the use of the £2.3m that he borrowed in 1985/86 which I keep on asking him about, Mr Speaker, in this House

and the last time that I asked him he told me he would make the announcement in the Budget. Well, it is not here. The £2.3m was what was actually borrowed and as I mentioned, Mr Speaker, the whole saga starts when we moved in November, 1984, to introducing legislation for the first time to borrow for recurrent spending. We then get in March, 1985, the thing being shown explicitly as a borrowing requirement of £2m because we only had £1.7m. We then find that we don't have £1.7m. We find that we start off the year with £6.3m and we still borrow, instead of borrowing £2m we borrowed £2½m in 1985/86, a total reversal of the statement and policies defended by the previous Financial Secretary but by the same Government who in 1982/83 said 'I have not used the borrowing powers that we have got because what is the point of borrowing to put money in reserves? If we are not going to use the money, however little it may be, we necessarily have to pay more than we earn on that money and if it is costing us £20,000 or £30,000 or £50,000 a year why should we do it? We will borrow the money when we need it'. We borrowed that money, we haven't used that money, it is still in the reserves and we still don't know when we are going to use it and it seems that they don't intend to use it at all because if we have been told by the Financial Secretary in this House that if they need the money for the Improvement and Development Fund they will borrow an extra £1m and if they need more than an extra £1m they will get new borrowing powers, there is no reference at all to using that £2.3m which the Hon and Learned the Chief Minister gave a commitment in this House would be used but he said that it would have to await and see what would be the level of UK Development Aid and then the picture would be clearer. And during the course of the year when I have asked I have been told to wait for the Budget and then the picture would be clearer. And here we arrive at the Budget and the £2.3m might as well not exist for all the reference that there is to it in any of the statements of either the Chief Minister or the Financial and Development Secretary, Mr Speaker. So therefore in looking at the income and at the revenue and at the expenditure in terms of what it is possible to do to alleviate the burden of taxation on our people, what do we see? Well, first of all, we have got a clearcut statement from the Government that they are not engaging in any policy of borrowing money to change tax rates, that has been categorically stated on a number of occasions. But we see that what was a borrowing requirement in 1985 becomes part of recurrent revenue and what used to be contributions to the Improvement and Development Fund are no longer the same thing anymore if we compare now with the past because contribution was when you put your hand in your pocket and you use your money from your reserves and you had three sources of revenue for the I&D Fund. You had money that was obtained by borrowing, you had money that was gifted by UK and you had contributions from your own income. But what we

are seeing now is that the money comes in as loans as part of Government revenue and it goes out as contributions, that is nonsense and there is no need for it. There is no need for it because the Bill that empowers the Government to borrow said they could borrow for either recurrent revenue or capital spending in the I&D Fund. That is what the Bill passed in this House in November, 1984, says. I questioned whether if they are keeping to the letter of the law which presumably the Hon and Learned Attorney-General is keeping a watchful eye on, if they are keeping to the letter of the law, they are certainly not keeping to the spirit of the law because the spirit of the law was that you are going to have the facility to borrow £10m and you either borrow it for one thing or you borrow it for the other. But to say as the Financial Secretary said last year: 'In the next twelve months we are going to raise £2m of which £1½m is going to go into the Improvement and Development Fund and £½m is staying there'. The Opposition says: 'We support the £1½m that is going into the I&D Fund'. What do we find at the end of the year? That the £1½m has not gone into the I&D Fund but we voted it in this House and we expect that if we vote it it happens. We don't expect to find out twelve months later that it didn't happen because we said when we voted: 'We are voting for it on that basis otherwise we will not vote for that money'. In fact, there was no need for the House to vote because what the law says is that you can borrow the money straight for the I&D Fund which is what has always been done in Gibraltar until now. All the time that the AACR has been in Government and with every previous Financial Secretary the money has gone in as income into the I&D Fund. What is the purpose of the change? Is it to make things clearer? Is it more sensible to the average man in the street and for the Members of this House of Assembly to be told 'surplus 1986/87 - £1,192,000, because I borrowed £1½m which I haven't used and I am counting that as part of the surplus'? That must be a distortion, the whole purpose of presenting statements and of introducing changes to the presentation of statements surely must be to make things more intelligible to people not less and this distorts reality. If the Government feels that they are able to carry out what we consider to be a minimal revision of tax allowances this year not because it is an election year, we have got the Hon and Learned Chief Minister's word on that and I would be the last to put that in doubt, Mr Speaker, nothing to do with the election. We are doing it because of the way the economy has performed, because of the fact that we have finished up with a loss of £380,000 that is why we are reducing tax allowances, because we are so well off. Perhaps the Hon Member can explain why it is that he has not done this before because, in fact, the results of 1982 and the results of 1981 were astronomical surpluses by any standard. I think if we look at the figures over the last few years we find that in 1982/83, Mr Speaker,

speaking from memory, if I can find the figures somewhere, in 1982/83 we had a situation where there was a surplus of £575,000 and in 1981/82 we had £2½m and in 1980/81 we had £4½m and in 1979/80 we had £4½m. Those were the lean years, that is when the ship was being battered about according to the Government and now we have come out of that storm in a very battered shape after millions of surpluses and we finish up with a deficit of £300,000 with three million tourists, £26m of tourist expenditure, eighteen banks, £150m of development in the private sector and what can we manage to do, finish up with a minus £384,000? And what can the Government tell the man outside who has been hearing about all this miraculous development of our economy, that he is going to get what, £3 or £4 more in his pay packet? Surely the Hon and Learned the Chief Minister doesn't think that that is going to produce anything other than total disappointment on the part of the average person who was looking forward in anticipation to the goodies in this Budget, to the goodies that they have been promised by the other side, nobody else was promising anything. They have got a situation which they themselves have engendered and which they are still engendering, Mr Speaker. As recently as last Thursday people were being told just how well we are doing. There is no justification, Mr Speaker, for the Government to come to this House and tell us that in an economy which according to them is performing better than it has ever done before - again I would question that by reference to national income statistics because, in fact, we have got situations where the Financial and Development Secretary tells me now that the growth in 1985/86 was 14.22% although at the time he wasn't able to tell me that, he told me that he thought it would be about 2% or 3% because of the leakage that money coming in would not have a full effect on the economy. But I can tell him that in 1980/81 it was 16.69%; in 1979/80 it was 18.75%; in 1977/78 it was 48.06%; in 1975/76 it was 15.38% and in 1974/75 it was 15.32%, when those were the bad years, of course. If the economy is, in fact, moving twice the volume of goods that it was moving in 1984, who are the people most responsible for that movement? Who are the people who are selling the goods to the two and a half million visitors from Spain and who are producing the £10m of import duty for the Government? Who? The people that the Government think should not be paid more than £2.19 an hour, those are the people.

HON A J CANEPA:

What we don't think is that it should breach parity.

HON J BOSSANO:

I am not a shop assistant, Mr Speaker, so I cannot breach parity. But that is what the Government thinks, that those people should not be paid £2.40, that they should

be paid £2.19. Of course, they are not going to be paid £2.19, the people will get the money using their own muscle inevitably. But the point is that in terms of the philosophy of the Members of the House that sit on that side, they are saying to the lowest paid in the private sector that they should continue to be the lowest paid in the private sector although by their own definition they are the ones making the biggest contribution to the new sources of wealth and they are saying that the allowance should go up for a single person by £350. What are we talking about when we are saying somebody should be paying tax after £1,100? We are saying that if somebody earns £22 a week he doesn't pay tax but if he earns more than £22 a week he starts paying tax. Mr Speaker, we believe and we have said so on many occasions that the new economic circumstances of Gibraltar require an in-depth restructuring of the entire tax system of Gibraltar and a tax system that is designed to enhance the development of the economy with an open frontier which we think the present one is not. But in the absence of that, certainly in terms of earnings in Gibraltar and earnings outside Gibraltar and tax in Gibraltar and tax outside Gibraltar there is absolutely no justification for the threshold being any lower than £2,200. The very minimum inequity that the Government should be doing should be to double tax allowances which would still leave them below UK but that would mean £44 a week. The Government already recognises, Mr Speaker, that £44 a week is a sum on which a single person can barely live because it is what they give non-taxable to a pensioner. What we are saying is that if there is somebody working part-time in a shop earning £44 a week who is 64, on his earnings he pays tax. If he stops working at 65 then the State gives him £44 tax free. There is no consistency or logic because, in fact, what we need to have is a look at the entire system to make sure that what we are doing fits. We believe that the aspirations of people from this Budget having been told that less tax would be taken off them in the future than has been done in the past - I need to emphasise that because it is not a question of giving anybody anything back, nobody is going to get anything back from what they have paid already. Whether they should pay as much in 1987/88 as they have paid in 1985/87 or 1985/86 is what the changes in allowances are about. We believe that anything below the figure of £2,200 leaves a threshold that is too low, nobody on that kind of income should be paying tax at all and whenever tax reforms are considered in any administration you start off by looking at how many people you can take off the bottom and out of the tax net altogether. The fact that the economy is supposed to be performing so well means that there will be a lot of people who having accepted that picture painted by the Government will see this Budget as a total disappointment of their expectations. And because this Budget fails to meet their expectations the people of Gibraltar

must by now realise that if the AACR get back into power no future Budget is going to meet their expectations either because this Budget, Mr Speaker, for all its superficial references to giving a sense of direction does not have a sense of direction, for all its superficial references to economic planning is not about economic planning. When the Hon and Learned the Chief Minister says in his speech: "We intend to continue this task at the next Budget once our party is returned to Government" and there is no doubt that they are very confident they are going to return to Government, they have just decided to increase the rates in 1989 that is how confident they are and they decided what Development Aid should be in 1988. We have had the peculiar situation in this House of Assembly of witnessing retrospective legislation from the AACR, Mr Speaker, but this is taking the thing one step further. They are now passing anticipatory legislation for the next Government.

HON A J CANEPA:

We can still be in Government in April of next year without a General Election.

HON J BOSSANO:

I suppose that is possible if all of us who listen to the Hon and Learned the Chief Minister's speech don't understand English and we all thought that he was talking to us in English when he told us that there would be an election before his next New Year's speech or maybe, Mr Speaker, it was stupid of us not to realise that next year he is going to give us a New Year's speech on the 1st May to celebrate workers' day. I think the Hon Member is trying to get me totally confused on the date of the election, I think I had better stick to the Budget. What I think is reasonable to draw as a conclusion is that if they do get returned what they plan to do is to raise rents in 1988 and that the reason why they have moved rates to 1989 is not to coincide with rents and they have been strangely silent in this Budget and last year's Budget as to whether it is still their policy to make the Funded Accounts self-financing and remove the subsidy from the Government. It has nothing to do with the fact that this is an election year, of course, we all know that, Mr Speaker, the Chief Minister told us that, but it may be that he will remember to say it if he does get elected in 1988 and he has to come to the House with another Budget. Looking at the details of the actual matters raised aside from the changes in personal taxation and, I think, on personal taxation our position is clear, it was clear last year, we certainly think many, many people are going to be disappointed including, in fact, many people in the business community who thought that the shifting of the burden of taxation away from income tax might remove

some of the pressures on the labour front in terms of wage negotiations. Certainly we don't see anything here that is likely, as I said, to come anything other than as a disappointment. But, of course, there are other elements besides that although that one, quite frankly, Mr Speaker, is the one that everybody's attention was focused on. Everybody anticipated that there would be a reduction in the tax burden for 1987/88. What I don't think we can agree is that anybody other than the people who sit on that side will consider the reductions that have been announced as a substantial one. To say that a married man with two children earning between £80 and £120 a week will take a tax cut between £3.50 and £5, what does a man with children and £3.50 do and £80 a week? Anybody that is on £80 a week shouldn't be paying any tax at all never mind the tax cut. We are talking about, Mr Speaker, the £150 that the Hon Financial and Development Secretary mentions, the £134 that he mentions in the Employment Survey and the £150 of the Gibraltar married with one child, I think was the comparison that he did and in defending, I assume that he is defending it because that is what is required of him and not because he really believes what he is saying here in the comparisons that he draws between us and the United Kingdom, if I can find the bit where he talks about direct taxation. On paragraph 71 he says: "A weekly paid adult male married with two children with earnings of £150 a week in the United Kingdom would take home, after tax and social insurance contributions, about £119 a week whereas a Gibraltar will now take £121. The inclusion of family allowance put the UK at £133 as opposed to £126". Well, of course, first of all, social insurance contributions are higher in UK and there are many benefits that don't exist here for which people are paying with those social insurance contributions, it isn't just another tax, the Hon Member may not know it but it isn't just another tax.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Oh, yes, it is.

HON J BOSSANO:

Well, he may think it is but it isn't because, in fact, people are entitled to benefits depending on contribution conditions and when people pay income tax in Gibraltar you don't say to them: "You don't get unemployment benefit unless you have paid thirty weeks of income tax", you say to them: "You don't get unemployment benefit unless you pay thirty stamps". But if they go sick there is no statutory sick pay in Gibraltar and if the employer in the private sector doesn't pay sick pay beyond what the law says which is two weeks, then the person who is sick pays less insurance but has to depend on his relatives when he is sick so it isn't just another tax.

There are a whole range of social security benefits which the Government of Gibraltar does not provide in Gibraltar and which presumably will lead to higher social insurance contributions if they were to be funded. In any case, the national average earnings in UK are higher than in Gibraltar, Mr Speaker, and people on low incomes get things like family income supplements, they don't have to pay rates, they get rent rebates, in fact, in local authority housing figures that I have seen recently show that something like 70% of Council houses is practically being paid by the Council. Admittedly because there are a lot of areas of unemployment but in some of these areas of unemployment people are going to be on take-home pay of £119 a week which the Hon Member says is what they get after earning £150, on social security benefits. And at the other end of the scale what does he tell us? That, in fact, the people who are earning £29,000 in UK pay 50% whereas in Gibraltar he has to reach £30,000. Three cheers for the Financial Secretary, Mr Speaker, on behalf of all the people earning between £29,000 and £30,000 of whom I imagine there are about a dozen. I think, Mr Speaker, I have to say, therefore, that when the Financial and Development Secretary tells us the things that he tells us in his statement he is doing it because it is his job not because he really expects us to swallow any of this stuff. And therefore, in looking, and I am not going to deal with his analysis of the world economy or of the United States economy which he says is now hopefully going to do a J-curve nor am I going to deal with the plateau effect, this are 1987 Traynorisms, Mr Speaker, every year he introduces new gimmicks into his Budget speech, this year it is the J-curve and the plateau effect, I am not going to deal with those. I am going to deal with other things closer to the ground.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Perhaps the Hon Member doesn't understand.

HON J BOSSANO:

I do, I will explain it to him when I finish with my Budget speech if he likes, Mr Speaker, I don't think anybody else does. The Hon Member has given us an order of increase of the economy of 6% to 8% and tells us on page 5 that although this is high compared to a mature economy it is not high compared with a small and comparable economy such as the Isle of Man which achieved a growth rate of 10%. So if the Isle of Man didn't go through this wonderful experience of receiving out of the blue three million day trippers as a result of an open frontier, if they hadn't suddenly had eighteen banks descending on them, if they are not in the middle of £150m developments which is huge compared to anything we have had in Gibraltar, how come we can only manage 6% to 8% economic growth

and they - and to my knowledge the Isle of Man has seen steady growth over the years with perhaps a couple of hiccups when they started losing their tourism to Southern Europe and they started replacing that with other activities such as offshore banking.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

They don't have an Opposition.

HON J BOSSANO:

But maybe they have got a better Government and a better Financial Secretary, you never know. If that is the case then is it not unreasonable, Mr Speaker, to expect a better performance? Is it not unreasonable to say to oneself that in the coming year we should be looking forward to something more than a balance in Government revenue over expenditure of £1.3m because that is really what we are talking about if we do the exercise of taking out all the loans that come in one way and go out the other? In fact, how can one reconcile on the one hand the level of growth that is being projected and I have had great difficulty in getting the Hon Member to commit himself to any figure but I think it is essential because, in fact, if you are making plans for the future an intrinsic part of that plan surely must be a view on a whole range of variables. If we are saying that what we have seen presented by the Government today and a 6% rate of growth is what is produced by three million people visiting Gibraltar, by one thousand more people being employed in Gibraltar, by £150m development programme by the private sector and by a huge expansion in banking then to get the kind of results and the kind of money that Gibraltar needs to spend on its public services and the kind of changes in the income structure that Gibraltar needs to be taxed no higher than other people, what do we need? Do we need six million visitors, ten million visitors, thirty million visitors? Are we going to have to bring them in and out with a shoehorn into Gibraltar before we can meet those sort of targets? Therefore the Government must be taking a view if they are looking into the future of saying: 'I know that I am going to be able to do this now and I am going to be able to do so much next year and so much the year after that because I can see a correlation between what is happening to the economy and the effects that it is having' but they don't know that, they have no idea. They simply discovered the third pillar, and they have even convinced the Financial and Development Secretary to talk about pillars now, it just shows how bad they are. I would have thought he knew better but even he is talking about pillars now. They discovered the pillar in 1985. The legislation on banking was clearly an essential feature of the attraction of Gibraltar for banks to set up here. Surely Members on the other side know that, the people who are in the banks tell me that,

they must know, after all they are all involved in one way or the other in attracting the banks here though not as a Government so they must know what the problem is and the problem always was that although we had legislation here which said you could set up a bank virtually for next to nothing in terms of capitalisation and with very little controls, it was a two page Ordinance, in practice nobody was allowed to set up because nobody was given a licence. So it wasn't that the banks would not come in, it is that they couldn't come in before. The Hon and Learned Member may think so but the point is that there is no doubt about the fact that the Governor would not give a licence to any bank until the new Banking Ordinance was passed, that is indisputable, there is evidence of that and therefore whether they wanted to or they didn't want to they couldn't until the Banking Ordinance was passed just like it is recognised by the Financial and Development Secretary and by people in the business that unless you have got up-to-date legislation like there is on Insurance and there is on Banking then you cannot develop Gibraltar as an international finance centre. We support the development of Gibraltar as an international finance centre and we certainly do not need the Hon Financial and Development Secretary to explain to us what a finance centre is. So when he says that there appears to be a misconception, page 10, paragraph 32; he says: "I hope this will help dispose of suggestions made in the media and elsewhere that Gibraltar's development as a finance centre is something that financial authorities elsewhere will not like. I think that view is based on a misconception of what a finance centre is". I don't know who he thinks had the misconception, whether it is us, the people sitting beside him over there or somebody else but let me tell him what a finance centre is and what it is not. What a finance centre is not is creating companies here whose sole purpose is buying and selling property in the Costa del Sol to avoid VAT, that is not a finance centre. Therefore, if that is what we are going to do to make a living then we will finish up being pilloried as we were before for these matters being something else now and eventually that loophole will be cut, that is not a finance centre and that is what is being attacked in the press and if the Government wants to defend that let the Government defend it, we will not defend it.

HON CHIEF MINISTER:

What is a finance centre, we are waiting?

HON J BOSSANO:

Well, what a finance centre is is what exists in other places where there is a centre involved in international transactions where there is no physical movement of goods to the place where that centre is and therefore not only is it possible to do that with the transmission of money although it is the easiest, it can be done in a range of other areas. For example, I can tell the Hon Member in case he doesn't know that in places like Guernsey they are now moving away from purely international financial transactions to actually setting up international trading organisations which are buying and selling goods that never go anywhere near Guernsey. There have been people doing that very successfully in Gibraltar for many, many years and that is something worth encouraging and we will support that. But there is a difference between that and what we have always called here a tax haven since the year dot which is somebody having two walls plastered with brass plates and about the most that all the companies put together are worth is the scrap value of the brass and they don't do that now anymore, Mr Speaker, because they are replacing it with plastic now instead of brass, I suppose it is because the Naval Dockyard is not accessible as it used to be, most of the brass used to come from there. I think we are in a position to say that to the extent that confidence for this important institution engaged in serious international business, reputable international household names, to the extent that confidence can be propagated by the knowledge that both sides of the House support that growth and development in Gibraltar then I am happy to say that by saying what I am saying now I am intending to contribute to that confidence which the Hon Financial and Development Secretary says is the most precious commodity. Looking, Mr Speaker, at the other innovations in the Finance Bill, clearly the one that sticks out most as a radical move of which there was no prior indication are the changes proposed in the Development Aid Ordinance. I have already given an indication that we intend to oppose this move. Some Members of the Government may feel that they could still be here on the 1st April, 1988, without having gone to an election.

HON A J CANEPA:

Not here, at the Treasury Building or No. 6.

HON J BOSSANO:

I suppose, yes, the idea of being able to govern without a House of Assembly must be quite an attractive proposition to them, Mr Speaker.

HON CHIEF MINISTER:

I can tell the Hon Member that I did that for six weeks and it is very uncomfortable.

HON J BOSSANO:

We are looking at the measure on the assumption which is the assumption that I think most people in Gibraltar are under, that there isn't going to be a further Budget by this Government and that if the AACR were to present the 1988 Budget it would be because they would have been re-elected to do so and then they can decide what they want to do with the Development Aid Ordinance and with granting or not granting development aid but we think it is totally wrong for the Government to announce now that people who apply in the next twelve months will be granted a Development Aid licence and people who apply after that date will not be granted a Development Aid licence unless it is to build a project which involves housing. Because, in fact, that is a major policy decision and they have no right to introduce major policy decisions now for whoever is in Government in the future. There is, of course, a clear political advantage in doing that. The clear political advantage is that everybody that knows that they can get this virtually lifetime tax free holiday which the Financial Secretary has just spelt out, if I was a developer, Mr Speaker, and I was told by the Financial Secretary of Gibraltar that there is such a loophole in the law that if I get a licence I can virtually get away with never paying tax again in my life then I get told that those licences are going to be available for another twelve months and that's it, I would rush immediately to join the queue to get the licence before they stop issuing them and then, of course, the AACR would put in their manifesto all the developments and then instead of being £150m they will be able to announce £300m of developments under their term of office.

HON CHIEF MINISTER:

If the Hon Member will give way, I haven't interrupted him. Any school boy over fourteen, I imagine, and even below, would know that when you plan, any change of Government can change all the plans but you have to look at the future with one sense of purpose and it will be in the power of any Government which is not this Government of doing totally different things. As he said, anybody knows that, we don't need a speech of an hour to hear that.

HON J BOSSANO:

That is precisely, Mr Speaker, what we are going to do and we are going to make clear that we shall be voting against this and that if there is a change of Government this will not take place and that therefore if people are going to try and pre-empt the granting of this development licences on the assumption that they are running out on the 31st March, 1988, then we, now that the matter has been raised, will take a look at all the existing licences as well as the ones that are issued from now on and then we will decide what we do with the Ordinance not just for the ones after March but for all the ones now. So if anybody thinks that they can get their foot in the door now because it suits them, for example, we are talking about the Marina Project down by Queensway - £20m, so we give them a licence so that they can make £30m of profit before paying a penny of tax and the Hon Member is worried about having lost £20m in the whole history of the Development Aid Ordinance, £20m to date and £30m in one project and that doesn't worry him, he is prepared to give them the licence for £30m and then close the door. No, close the door now. If you are going to announce a measure in a Budget you announce it for the year that you are entering, that is what you do. I have never heard of anybody anywhere in the world, Mr Speaker, saying in one Budget what they will do after the next Budget. It doesn't make any difference whether they were doing it now or whether they were doing it in 1984 the only thing is, of course, that in 1984 they could at least defend their position by saying: "We intend to do it in 1985, as we are going to be there in 1985 to do it we are giving people plenty of time to adjust". But they are not doing that now, they are doing it at the end of their term of office. Their role is to come here and tell us and the people of Gibraltar what they are going to do between now and the time they go to a General Election. What happens after a General Election is up to the people who get elected and therefore they have no business to say: "I am going to pass a law now that takes effect on the 1st April, 1988", no business to do that.

HON CHIEF MINISTER:

Nonsense.

HON J BOSSANO:

And we will vote against it and we are saying now we will not stick by it and if anybody - and we shall monitor the licences from now on - if anybody is working on the assumption that they are going to get an advantage because there are many, many repercussions to this, Mr Speaker, it is not as simple as it is being put here. What happens if a developer comes along and he is competing with another

developer who three months before got the development aid. Then clearly if one hotel is built without development aid and one hotel is built with development aid the two are not on the same competitive footing. We already have a lot of criticisms that we hear in the streets about who gets development aid and who doesn't get development aid. We are not in a position to know because we don't know anybody who gets development aid but we hear the criticisms outside and this, in fact, will make it look even worse. Are we saying with this that the present Government and the present Development and Planning Commission is going to decide over the next twelve months who gets development aid and that's it, period. And we are talking about a situation where somebody can come along and say: "I want to spend £1m" and he has got five years. So he comes along in December, 1987, or in February, 1988, and then he has supposedly got the advantage over two terms of Government because he has got a five-year licence in which to complete the development from the date that it is granted and that is the end of the story and there is a four-year Government which theoretically is bound, if there is what the Hon Member has said about one Government coming in and changing everything that the other Government does that can happen, of course, it can happen when there are fundamental ideological differences but generally speaking what happens is the converse, generally speaking what happens is that Governments respect the commitments of their predecessors, that is what generally happens. Of course, it is because the predecessors make commitments about the time they are in Government. Can one imagine Mrs Thatcher going to an election and saying what the Budget in 1988 in UK is going to do and she goes to an election in 1987 and she expects that if the Labour Party gets in or the SDP gets in or anybody else under the normal parliamentary convention what, they should do the same thing that Mrs Thatcher would have done if she got back? No, she puts it to the test. If the Government wants to do this they go to an election and they put it in their manifesto and if they get support for it they are entitled to do it whether we agree with it or not. As far as we are concerned we are voting against this and we are making it clear why we are voting against it and we must say that in our experience, it may be that a fourteen year old knows all about it but I can tell the Hon Member that I don't know of any Parliament in Western Europe which has ever legislated in a Budget a budgetary measure announced in a budgetary speech to take place after an election and for the following Budget, never known it and I would like the Hon Member when he uses his right of reply and he has got a chance this night to sleep on what I have said because he always says he is going to do that and he never answers me, to do a little bit of research and tell me tomorrow where all the precedents exist because I don't know of any. The Hon and Learned Member, Mr Speaker, tells us in his speech: "No Budget on its own can create the right conditions for economic growth or prosperity or, indeed, correct

the distortions or inefficiencies inherent in the economic system". Is he saying that we have distortions and inefficiencies inherent in our economic system? Well, he has had fifteen years to correct them.

HON CHIEF MINISTER:

Not when they are outside your control.

HON J BOSSANO:

Well, then, Mr Speaker, we should have been hearing about them for the last fifteen years. The Hon Member has made two Budget speeches this year and last year which for the first time makes references specifically to the kind of economic thinking that I have been trying to persuade him about but which I have never succeeded. It is clear to me that that is because he is getting that kind of advice now but the reality of it is he cannot come along and tell us: "We are now working to a plan to correct the inefficiencies of the past". The inefficiencies of the past he is responsible for. I might be able to say it if I am there tomorrow and put the blame on him but he cannot put the blame on himself and get away with it and in any case where is the plan? We are told each Budget should respond to a plan providing set aims and objectives, fine, where is it? What are the set aims and objectives, can the Hon Member.....

HON CHIEF MINISTER:

Where is your plan?

HON J BOSSANO:

Mr Speaker, it is not my responsibility at this stage to bring a Budget to the House. When the people of Gibraltar decide that it is then I will stand up in the House of Assembly, I will not have somebody writing my speech for me and I will not hide behind the coat tails of a Financial Secretary. There will be one Budget speech, the GSLP economic programme will be on the table defended politically in the streets and politically in this House of Assembly and I won't have Financial Secretaries doing acts like Houdini, contradicting themselves in order to play to my political tune like the Hon and Learned the Chief Minister has been doing with Financial Secretary after Financial Secretary and I regret to say appears to be doing even with the present one.

HON CHIEF MINISTER:

The future dictator.

HON A J CANEPA:

All that will happen after the election.

HON J BOSSANO:

And therefore, no doubt the Financial and Development Secretary has spoken with his usual eloquence for the ears of the Hon and Learned the Chief Minister but he hasn't spoken with a great deal of eloquence for our ears, Mr Speaker. What we find is that this is a Budget and a Budget speech which, in fact, does not give the kind of leadership Gibraltar wants in the running of the economic system and there is a failure as far as we are concerned, on the Financial Secretary's part to the extent that he is responsible for giving that direction and on the political side of the Government on their part for the extent that they are now accepting as well that they have a responsibility in this area. Let us take one important area that has been mentioned, it is an important area, the tax treatment of occupational pensions which has been defended by the Financial and Development Secretary. The policy is defended by the Financial and Development Secretary not by the Hon and Learned the Chief Minister. It is in the Financial Secretary's speech and not in the Chief Minister's speech, I don't know why but I would have thought that if there is a political decision, if it says: "The Government cannot accept this and the Government cannot accept that" then why doesn't the Government say it cannot accept it or is it that the Financial Secretary doesn't accept it? Because if the Financial Secretary doesn't accept it then he should be told to accept it.

HON CHIEF MINISTER:

It doesn't work that way.

HON J BOSSANO:

It has to work that way, Mr Speaker.

HON A J CANEPA:

Pitaluga was going to make your tea, Traynor will make your coffee.

HON M A FEETHAM:

No, he won't be around.

HON J BOSSANO:

He will be getting an occupational pension.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have only been given four years.

HON J BOSSANO:

The Government's defence or the Financial Secretary's defence of the treatment of occupational pensions, Mr Speaker, does not hold water. The Hon Member says: "It is customary to allow up to 25% of the capitalised value of retirement pensions to be taken as a lump sum free of tax. This is usually referred to as 25% commutation". I don't know what he means when he says it is customary, it has not happened so far in Gibraltar and therefore it is not customary in Gibraltar. In any private sector....

HON CHIEF MINISTER:

In the civil service.

HON J BOSSANO:

In the civil service and in the MOD, Mr Speaker. In the MOD it has nothing to do with commutation, there is no choice. No, it is no good saying it is the same principle, Mr Speaker. The Hon Member makes a statement.....

HON A J CANEPA:

You have a choice in the.....

MR SPEAKER:

Order, we will not speak across the House. Will you continue with your speech.

HON J BOSSANO:

The Hon Member has made a statement, I have said it is not customary in Gibraltar. He then whispers to the Chief Minister 'yes, in the MOD'. I tell him it is not the case in the MOD and he says it is the same thing, it is not the same thing. In the MOD, in case he doesn't know and I know that he knows, you get three eightieths of your pay as a gratuity, period. The Government of Gibraltar passed a law in Gibraltar saying that if you get a gratuity after twenty years you don't pay tax, nothing to do with whether it is 25% or anything else. In the Government of Gibraltar you can leave after twenty years, get a gratuity, not pay tax and go back to work again and do another twenty years so what is he talking about? The Government doesn't do it with its own employees. In the non-industrial civil service there are no gratuities

and there people have the choice of either taking two-thirds of their pay as a pension or converting a quarter of their pension into a gratuity. Now those people get two-thirds of their pay, Mr Speaker, for thirty-three years service without a contribution. If the Government wants to say that any pension scheme in the private sector that gives two-thirds of pay for thirty-three years service and is non-contributory should not be allowed to commute more than 25% so that they have the same treatment as in the civil service I don't think anybody would quarrel with that but there isn't a pension scheme in Gibraltar that would meet those conditions and the Government of Gibraltar have said here that theirs is too generous and that they would like to take it away. So what are they talking about, they know that nobody else has it. Yes, when they wanted to amend the Pensions Ordinance, Mr Speaker, when they brought the Unified Pensions Scheme they argued that the Gibraltar Government civil service pension scheme was too generous and should be, in fact, replaced by a less generous one. Surely, they don't think that the stevedores have got as generous a pension scheme, I can tell them that they haven't, Mr Speaker. So what are they saying, that this is the same thing? It is not the same thing because the reality of it is that although it may be called commutation it is a misnomer because the contributors in the overwhelming majority of pension schemes in the private sector with some rare exceptions like the banks which actually guarantee the value of the pension, in the vast majority they are what is known as a money purchase scheme and what they really are are endowment policies which do not guarantee a pension, what they guarantee is a lump sum payment. And the reason why this pension schemes have the flexibility of allowing the beneficiary to take the lump sum payment rather than change it into a pension is because changing the lump sum payment into a pension is affected by two important factors. One is the level of interest rates at the time you change it, you have to buy an annuity and it's in the lap of the Gods. If you retire one year and you have been contributing all your life and interest rates are 5% that year you finish with one pension. Somebody else retires a year later, interest rates are 10% the year later and he gets double your pension and you have both made the same contributions, the benefits are not guaranteed in any of these pension schemes because what they guarantee is a lump sum payment. The second thing is that a person may be in poor health and he may wish to leave his widow the lump sum of money rather than buy an annuity and then find regrettably that he has not long to live and he loses his capital to which he has contributed all his life. It is wrong for the Government to penalise people who have got these very limited benefits by forcing them to give up something which employers accept and which have been freely negotiated with unions and which the Government is forcing the employers to withdraw because they have increased the cost to the employer by 50% and there is no moral justification. And it is no good saying

they were going to respect the ones that were approved by the previous Commissioner two years ago, well, it was the same Government. Is it Government policy or is it not Government policy? And, in fact, is he saying that for the last two years none have been approved and if he is telling us, Mr Speaker, the Financial Secretary is telling us that because there have been none approved people should know this and should not now be demanding anything different, then perhaps he can tell me how he as Chairman of Gibrepair approved in December, 1984, the pension scheme with 100% commutation which was offered to the unions in 1985? No? Well, I can tell the Hon Member that Gibrepair which is 100% Government owned and of which he is the ex-Chairman offered 100% commutation even though it was not approved by the Commissioner. No, well, he should go and check, Mr Speaker. I think he can take it from me that I do know what there is in that pension scheme and I can tell him that the problem exists there and then perhaps the Government can explain to the House and to the people of Gibraltar how it is Government policy not to allow such schemes, to tax them at 20% and to have their own 100% owned company operating such a scheme and having agreed it with their employees. They ought to really do their homework before they write their Budget speeches, really. The Government may believe that this is a fair and equitable way of dealing with a difficult problem, we think the problem is not difficult, the problem is unnecessary and somebody ought to recognise that somewhere along the line a mistake has been made and admit it and put it right and get it over with, that is what they ought to do. We certainly will not support that proposal in the Finance Bill and as far as we are concerned the schemes that are in existence, those must be respected independent of whether they were approved or were not approved. This statement that has been made about whether it is not acceptable to Government, frankly, if that is what the Government wanted to do that is what they should have done. They should have come here in the Budget of 1984 or 1985 or whenever it was, if it has not been approved for two years then they should have come here two years ago and said: "We are now putting everybody in Gibraltar on notice that we are introducing certain guidelines about how the schemes must operate in order to become approved schemes and therefore from the day this announcement is made this is what will operate". It doesn't mean we would have agreed with that, we might still have disagreed with it because I don't believe the arguments in favour of this limitation are acceptable and certainly a GSLP Government would draw away with that view, we don't hold that view, we don't share it, we would allow 100% commutation. We don't think that there is this risk of loss of revenue that the Government talks about. But in any case if it is Government policy and they want to do it, fine, they announce because I don't see why it is necessary to tell property developers that they are going to change the rules of development aid a year ahead of time and workers with miniscule pension

schemes that they have changed their policy two years ago, let's have even-handed treatment, Mr Speaker. The question of the payment to non-resident employees of exempt companies, we believe the Government is right in saying that there must be equal treatment for people who are working side by side even if it does undermine confidence in the finance centre and in the exempt companies. But we notice that this will not apply to directors and we wonder whether in practice it is all that difficult to have people working for exempt companies acting as executive directors and therefore the thing being perpetuated because certainly I am sure the House will recall that we have known peculiar situations like company directors breaking up the ground with a drill and digging holes with a pick and shovel in the early days of the frontier opening when it was found that an easy way of getting round the requirement to have a work permit or not to have a work permit was to bring in people as company directors. I think it is worth pointing out to the Government that if they are really serious about closing the loophole then there may be a continuation of the loophole, if they don't really want to do it because they think it is going to undermine the expansion of the finance centre then I think on balance, although it is an unpalatable thing, if that were to be something that we would have to live with in order to encourage the expansion of the finance centre then I think we would have to live with it. I think we cannot proclaim to be in favour of something and then go ahead and do the opposite. I think it is better to see whether we are doing a sufficiently thorough job of it or not. There is also a reference or a failure of a reference to GSL in the Financial and Development Secretary's contribution and, indeed, in the Hon and Learned the Chief Minister's but, particularly, coming to the Financial and Development Secretary's contribution, since we are talking about Government revenue and we are talking to the Finance Bill, Mr Speaker, I would have expected the Hon Member to tell me how much of the rates that he has got in the Estimates of Revenue are going to be produced by rates from GSL. I can well see that he hides his face, so would I in his place, Mr Speaker. Mr Speaker, we have been trying to get the Financial Secretary to do his job in this area, as indeed in some others, and he has produced all sorts of explanations in the past. I remember that one of his earlier ones was that because it was Crown Property it didn't have to pay rates, we then pointed out that the Public Health Ordinance specifically mentions Crown Property as having to pay rates when it is not in occupation by the Crown and when it is being used as GSL was using the place for commercial purposes. We have had him telling us in 1985 that in September of that year GSL was on target for a loss of £3m and failing to answer the discrepancy in that projected loss with £3m rates payment and without £3m rates payment. We were told that because they had this development aid which he now tells us he wants to do away with, they were not entitled to have to pay rates,

they were not required to have to pay rates and we pointed out again in questions, that the limitation on the payment of rates was on the enhanced value produced by the investment in respect of which development aid is granted. The Hon Member then said that perhaps there had been some loss of revenue on the non-estimation of the NAV prior to refurbishment but that it came to very little. Well, that is neither here nor there. If the law requires something to happen then it has to happen, he cannot just say: "Well, it is very little so I am not going to do it". We don't know what the amount of rates is. We do know what the net annual value is in the 1987/88 Valuation List but, of course, it doesn't tell us there how much of it is being reduced by virtue of the Development Aid Ordinance. The value put on GSL for 1987/88 is £360,000, Mr Speaker, and if they were paying full rates that would imply a payment of £189,000 in rates. We want to know whether that is what is shown in the estimated revenue yield from rates for 1987/88. And we question how it is that in May, 1983, the Government experts contracted by the Government, estimated that the rates payable would be £3m before there was a revaluation of commercial property in Gibraltar which produced increases in net annual values of the order of 100%. Is the amount shown - and we don't know that it is £189,000, nor all I know it may be only a fraction of that - but is £189,000 in rates an excessive figure? Is it that they were wildly wrong when they put £3m in the original estimates? Well, the Government charges itself £222,000 rates on the desalination plant, on the Waterport distiller so perhaps the Hon Member can tell me even if it is paying £189,000 how come the Waterport distiller has got a higher net annual value on a fraction of the area because you don't pay rates on the actual plant, you don't pay rates on the cranes and you don't pay rates on the boilers, you pay rates on the building, how it is that the building that houses the desalination plant pays £222,000 which is paid by consumers of water and which we believe should be shown in the Accounts, we are glad that it is shown in the Accounts, not necessarily that it should be charged to consumers of water but that it gives us a better and more accurate picture and that is why we are saying the same should be done in GSL. At the end of the day it might mean that GSL cannot afford to pay those rates and that the Government has got to give them the money to pay the rates but at least we know that the true cost of repairing ships in Gibraltar which is the opportunity cost of doing something else with that area which would produce rates, is so much. We think that is a good way of looking at the viability of the yard and at the true cost of running the yard and we would expect the Government to do it and if they are not doing it we want to know why. Because the Generating Station is £367,000 so that would indicate, Mr Speaker, that the original figure of £3m was not all that far out and there seems to be a very strange discrepancy and it has taken an awful lot of effort, of pressure and of questioning on our part to get them to include

it. I am just checking, Mr Speaker, if there is any other things that I need to give the Hon Financial and Development Secretary, I am sure he wouldn't want me to miss anything. I haven't dealt, in fact, with tourism which will be dealt with by my colleague, Mr Speaker, but I notice on imports that the Hon Member tells us that since 1984 the proportion of foodstuffs to total imports has fallen from one-fifth to one-quarter. I always thought one-quarter was more than one-fifth, perhaps he can tell us if that is a reflection of the accuracy of all the other statistics he is quoting in this Budget.

HON A J CANEPA:

Indeed, that remark is of a mathematician.

HON J BOSSANO:

He can deal with figures, that's right. I think on the employment side, Mr Speaker, we have had a situation where the growth in the number of jobs in the private sector which the Government was proclaiming in 1985 is now showing through in statistics, particularly in social insurance statistics rather than in employment surveys because although, in fact, the Financial and Development Secretary has been quoting and the Hon Mr Perez was using for his political broadcast the Employment Surveys, we have always been told by the man that introduces it in the House that these things are not reliable and that they should only be considered as indicating sort of vague trends. Presumably they only start becoming reliable when the figures suit the Government and can be quoted otherwise it has not been reliable. But I think there is clearly a situation of growth in employment today which.....

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way. Apparently he was the only one in Gibraltar who didn't see Real Madrid on television.

HON J BOSSANO:

I didn't see Real Madrid on television, he is quite right, but I think then, Mr Speaker, the Hon Member, Mr Perez, will have to do a repeat performance on his political broadcast for the benefit of those who were watching Real Madrid on television. The Employment Survey, of course, does indicate a growth in employment which is not inconsistent for the first time, I think, with the figures of December, 1986, in the insurance records although the insurance records, in fact, include almost doubling of self-employed which do not appear, obviously; in the Employment Surveys which are returns filled by employers.

In terms of employment in the private sector therefore, we have had a growth of employment in which Gibraltarians have participated very little. That is to say, the analysis of the composition shows that the growth has been primarily growth through imported labour. The Hon Financial and Development Secretary didn't make much of a reference to this but I think it was the Chief Minister who was saying that this meant that we now had a bigger tax base from which we could collect more revenue and consequently do something about reducing the actual incidence of taxation. Of course, this raises the question that if one attributes the changes in this year's Budget to employing an extra 1,000 people how many extra thousands do we need to employ in Gibraltar to make a real dent in the income tax structure and are we not running the risk, Mr Speaker, looking to the future. We have the problem today of workers who were working in Gibraltar before the closure of the frontier and their liability on pension rights. Are we quantified in this impetus and direction that the Government is allegedly giving the economy, what is it that we are being told, that the way forward for the economy if the AACR get back is what? More flats for wealthy people because they are retaining development aid for home ownership but they don't say that it is for home ownership for local people. If that is what they intend then perhaps when the Hon Member exercises his right of reply he can say that that was what was intended all the time but on the basis of the statement that has been made, presumably the second phase of the Watergardens which I know Dragados y Construcciones are trying to get the Government to agree to and building extra blocks down there, would qualify for development aid even if the Government were to proceed with eliminating development aid for everything else.

HON A J CANEPA:

If the Hon Member will give way. What happens, in fact, is that the Development Aid Committee when considering applications almost automatically gives 100% development aid licence in respect of projects which are clearly home ownership for Gibraltarians having regard to the conditions and having regard to the prices, whereas in the case of what could be termed luxury type accommodation, the percentage is very much lower including as little as 20%. And he can check back over the years of the number of licences that have been given since 1981 and he will see that that is the case.

HON J BOSSANO:

I am grateful for that explanation. But then I take it, Mr Speaker, that the intention is to continue development aid as it has been in the past with a higher percentage for local people but still continue it even for the luxury flats.

HON A J CANEPA:

It is a matter of policy for the Development Aid Licence Committee to take but that is, in fact, what has been happening and I would imagine that it would continue to work to that formula.

HON J BOSSANO:

But, Mr Speaker, what I am saying is the statement made in the speech on the Finance Bill that there will be a continuation of development aid, does that mean that the Government policy would be to limit development aid only to the kind of projects which in the past have had 100% or to continue it for both, the ones that have had 100% and the ones that have had 20%? Which is their intention because I think if what they say is: "As from the 1st April, 1988, development aid will be confined to housing development only as a further measure of assistance to home ownership in Gibraltar" but they don't say 'low paid housing', they just say 'home ownership'. Well, presumably, the people who buy their flats in Watergardens are home owners. Is it intended to carry on with that?

HON A J CANEPA:

I would say for home owners generally because even in Watergardens there are a proportion of Gibraltarians who have purchased accommodation there.

HON J BOSSANO:

This is what we wanted to clarify because it seems to us then that if the Government is saying that in terms of the kind of incentives, I mean the Financial and Development Secretary talked about the distorting effects of this thing and quite frankly the only area in UK that I know of where there has been criticism of the distorting effects of this type of incentives is in connection with regional grants and regional development aid and tax holidays where it has been found that people were, for example, moving their factory from Scotland to Northern Ireland but that the national economy was not benefitting and people were simply transplanting themselves from one corner of the nation to another corner of the nation and getting the whole of the cost met virtually by the taxpayer and this is where economists have questioned the wisdom of doing that. In fact, if we had regional development aid which said 'if you are going to build a factory in Catalan Bay you get development aid but not if you are going to build it in North Front' then that argument might apply. But we are talking about wanting to encourage after 1988 building of residential property, period, as opposed to something else and therefore if one is looking at the philosophy and at the policy that

has been announced in the Budget, apart from the reasons that I have mentioned why we are against it looking at it independent of that issue. It seems to me that what you are saying here is if a developer is going to decide whether the building he is putting up is going to be rented as offices or going to be rented as residential accommodation and in one he gets development aid and in the other one he doesn't, then the economics of the operation could be switched from one to the other. That is to say, it could become more profitable to do a residential development because it has development aid as opposed to an office development because it doesn't have development aid. If that is not what the Government is trying to do then that necessarily must be an implication of retaining it for every type of home ownership in which case are we saying that the Government believes that the development of the economy of Gibraltar and the income flow to the Government of Gibraltar is going to be enhanced by a greater proportion of expatriates taking up residence in Gibraltar? I haven't seen any evidence of that, I would have thought that the office accommodation was better than the residential accommodation. Independent of the date, on the wisdom of the change we have serious reservations and we don't think the Government has made a good enough case to support it even if they were saying, as we think they ought to, if they want to do it, if they were saying: "We are introducing this from the beginning of July this year and then if somebody else is in Government next year they can do something different". We welcome, Mr Speaker, the commitment to look again at the question of the £2,000 payable for a deposit on a home when the deposit is paid during the period of construction. I am not sure what the legal and administrative problems are but I accept that if the Government says that they exist then they must have reasons for saying that but the important thing is, of course, that the principle that it ought to be done if it is possible to do it, has now been accepted and the Hon Financial and Development Secretary in the past, in answer to questions, has been adamant that it would not get that so I am glad to see that we have been able to persuade him on that. I think, Mr Speaker, one area where there is an omission which the Government had an opportunity to rectify in this Budget in relation to the Income Tax Ordinance and we hope that they will give it some thought if I put it to them now and they will consider introducing an amendment because I am not very sure whether we can introduce amendments to the Finance Bill, I think we cannot. There is a situation, Mr Speaker, where we have had representations made to us and we have raised the matter with the Income Tax Office directly regarding a few Gibraltarians, there aren't many, who having left Gibraltar and worked in UK for a number of years have returned home on retirement and they are getting social security pensions from UK which in some cases are no different from social security pensions in Gibraltar and, in fact, in some cases are paid by the DLSS in Gibraltar who gets reimbursed by

UK. Apparently, as the Income Tax Ordinance now stands it exempts Gibraltarian social security pensions from tax but it does not exempt UK social security pensions from tax. We feel this is very unfair. If somebody has been outside Gibraltar and paid his stamps and worked in UK and comes back to Gibraltar then we ought to give them the same tax treatment as if he had worked here. The actual revenue loss is inconsequential, it is a question of putting right something which we are sure is not a deliberate Government policy but the way that the law is drafted it specifically mentions, so we have been given to understand, that it has to be a payment made under the Social Security Insurance Ordinance or the Social Security (Non-Contributory Benefits and Unemployment) Ordinance and since these are specifically exempted, a pension made from a different Fund in fact is taxable. We would like the Government to give this matter some thought and, preferably since we are in the process of amending the Income Tax Ordinance, bring an amendment now, if not, perhaps if they feel that further thought needs to be given to this, that they should consider it. I think also, Mr Speaker, it might be worth Her Majesty's Attorney-General giving some thought to the question of the EEC implication. I know that we have raised matters concerning taxation in an EEC context before and we have been told that the question of harmonisation is not, at the moment, established throughout the Community but we don't think that taxing people differently is a matter for harmonisation. As far as we are concerned what there is nothing in EEC Directives about is the whole of the EEC having the same tax system or the same tax rates but what there is something in the EEC about clearly under the social chapter, is that you cannot have, for example, two workers side by side both with the same incomes and you make one pay income tax because he is a non-Gibraltarian and you don't make the other one pay income tax. In fact, the Government changed the Income Tax law and created the concept of permitted individuals to avoid that happening with frontier workers. We think that the same principle applies in parallel with retired workers who are both getting social security pensions, one from the Gibraltar Social Security Fund and the other one from the UK or any other Social Security Fund but one is subject to income tax and the other one is not and the only answer that we have been given is that the Ordinance specifically limits it to the local Funds. I think, Mr Speaker, that I have covered practically all the areas of the contributions of the Financial and Development Secretary and the Hon and Learned the Chief Minister except perhaps that the Hon Member ended his contribution with a burst of poetry, in our estimation very bad poetry, Mr Speaker. However, after looking at the Estimates and after looking at the proposals in this Budget and after looking at his idea for running the economy of Gibraltar, we have come to the conclusion that bad though he is as a poet, he had better stick to poetry rather than running the economy, Mr Speaker.

HON CHIEF MINISTER:

In another ten minutes he would have made two hours.

HON M K FEATHERSTONE:

Mr Speaker, I don't intend to take the time of the House to the same extent as the Hon Mr Bossano. He manages to take two speeches which lasted some one hour and forty minutes and turned it into one hour and fifty-five minutes so I think he has had a fair share of the debate. Two year's ago, Sir, I said that at Budget time we had presented a Budget of cautious optimism. This was derided by the Opposition but I stuck to my guns and I said that I felt that it was a Budget of cautious optimism. Last year, Sir, I said that the optimism had been justified. This year I think I can say that that justification has been confirmed and reconfirmed. The economy is doing well, it augurs to continue doing well. We have already heard that the number of tourists coming in this year are an increase on the number of tourists last year. We have seen more banks setting up in Gibraltar. We have seen that the finance centre is going from strength to strength. It even seems that GSL is perhaps turning the corner when they have said that they hope to break even this year. This year, Sir, we have returned to the people and I use that word advisedly, whether the Hon Mr Bossano agrees with it or not, some £3½m to £4m in income tax. The figure for the single person has been increased by some 33½%, from £1,100 to £1,450 but I would like to bring to the attention of the House that there is also a hidden amount which is given to all taxpayers, or practically all taxpayers, and that is the fact that their social insurance contributions are a tax deductible item, this is worth some £350. It is not the same in the United Kingdom where social insurance contributions are not tax deductible so the £1,450 really should be increased by another £350 before the threshold of tax is actually met. This gives you £1,800, it is getting on to the £2,200 that the Hon Mr Bossano puts as his minimum and perhaps next year or the year after when the AACR is back in Government we will move nearer to those figures. We have broken with tradition and made the married allowance not double the single allowance. We have made a figure for the married allowance which is £2,800 some £600 more than it was previously which again is a 33½% increase and for the first child the increase has been 25%, from £400 to £500. A person who is on a low income rate is actually getting £3,300 plus £350 for his social insurance contributions, £3,600 or some £70 a week tax free. We have taken the opportunity to widen the tax bands. We now pay the first £1,500 at 20% so that the person who is earning a low income will only possibly fall into the lowest of the tax band brackets but we have widened the tax bands all the way up the line so that the middle group of incomes and the reasonably

higher groups will also obtain some relief. In Estate Duty we have taken a radical step and a step I think that was needed for a very long time in which estate duty will be paid progressively rather than as it has been hitherto. Hitherto if you fell into the 20% bracket you paid 20% on the whole of the estate. Now you will pay so much at 5%, so much at the 10%, so much at the 15%, so much at the 20%. This, I think, is something that has been long overdue and I am very happy to see it put in this time. It is also another radical feature that the matrimonial home, that is, the home where it is in the name of the husband and wife should not be included in estate duty on the death of either of the spouses. It will, of course, fall to come into estate duty on the death of the second spouse. I don't say that we should make it a slogan for Gibraltar 'Come here, it's cheaper to die now' but at least it will be of some benefit to many people who have been worried by estate duty over the years. The taxes on cars have been lowered so that now a larger car will only pay 35%. I am not all that happy that larger cars may once again come into the market in great quantities, I think people with large cars are a bit of a nuisance when it comes to parking - I speak for myself. But we are, I think, losing to some extent on the person who feels that he wants a larger car by his going abroad to Germany, France, buying the car second hand, coming back and paying a lower rate of duty. It is also welcome to see that motorcycles up to 50cc go into the 12% bracket and that crash helmets will no longer be necessary for these. It is hoped that many people will take the opportunity of the smaller motorcycles to get around Gibraltar and alleviate the parking problems which we have at the moment. I am not going to speak on the development aid question, I will leave this to my colleague, the Hon Mr Canepa, who I am sure will deal with it very adequately. However, I would say that everything must be done to develop the home ownership scheme and that is one of the ways the Government is looking at the problem. As I have said, Sir, the economy is doing well and it should continue doing well in the coming year. We look forward to this with, not cautious optimism but with the confidence that we have ridden out the stormy years and that we look forward to a period of reasonably plain sailing for the future. Thank you, Sir.

MR SPEAKER:

Do I take it that there are no other contributors?

HON J BOSSANO:

Mr Speaker, as far as we are concerned nothing that the Hon Mr Featherstone has said requires any reply from this side. We haven't heard anything new from him or answering any points that I have made. What can we say about what he said, that he thinks everything is rosy, fine.

HON A J CANEPA:

Mr Speaker, the position is that on the Government side as far as I am aware, apart from the Chief Minister exercising his right to reply and the Financial Secretary, I am the only other Government speaker. I don't particularly mind, it is not that I want to take my turn later on, it's immaterial to me but I thought it might have been useful if I had heard other Members of the Opposition dealing with matters that are more within my purview and give me an opportunity to react.

MR SPEAKER:

Perhaps, if I may suggest, we should recess until tomorrow and that will give both sides an opportunity to gather their thoughts and make further contributions.

HON CHIEF MINISTER:

The only difficulty is that perhaps tonight is the only night when we could have stayed a little longer.

HON A J CANEPA:

I don't really mind, Mr Speaker, let it not be said that I insist on having a say after either Mr Feetham or Mr Pilcher particularly if they give me an opportunity and give way then I think that we can still get a constructive debate going. I don't feel very strongly about it unless you are going to recess the House now.

MR SPEAKER:

I am just trying to gauge the feelings of the House.

HON CHIEF MINISTER:

Well, it does tend with almost an equal number of Members, to have speeches all on one side and then speeches all on the other side, it doesn't add to the debate, it just adds to speech-making which is different.

HON J BOSSANO:

Mr Speaker, the Hon Financial and Development Secretary and the Hon and Learned Chief Minister made introductory speeches and finish up both with an opportunity to answer anything made on this side of the House. We have had one Government Minister standing up who hasn't answered one single thing. I may have spoken for nearly two hours but as far as Mr Featherstone is concerned, I might not have said anything at all because he hasn't challenged

one single element of anything I have said or said anything new, as far as we are concerned. That is why we haven't got anybody here that can stand up and say anything other than reply to the Hon and Learned Chief Minister's speech or the Financial Secretary which I feel I have already done. We can all stand up and say the same thing again, I don't see that that helps.

HON CHIEF MINISTER:

I don't think that the Hon Member should get away with the idea that he is the only one who speaks of any importance and that everything he says must be replied. There are contributions that have to be made which have no reference to that. His points have to be replied under the Standing Orders by the Financial Secretary and myself. The debate can develop in other ways as it has done in the past. In fact, it was because of this impasse that the present Rules have been made and if that is going to be the way that the Hon Member wants it, that all Members have to be busy trying to answer his nearly two hour's speech and nothing else to say, I think the Hon Mr Featherstone has made points in support of the Budget which are very relevant and therefore it doesn't have to be purely in answer to Mr Bossano. We are not here to answer Mr Bossano only, we are here to debate the Budget.

HON J BOSSANO:

We are quite happy to field all seven saying the same thing if that keeps the Chief Minister happy, Mr Speaker, then he'll complain that it takes too long which is what he used to do before.

HON CHIEF MINISTER: . .

We don't complain, you have been one hour and fifty minutes and you have only been asked to give way once.

HON J BOSSANO:

Three or four times, we have always had that.

MR SPEAKER:

Order, we must not have a debate within a debate. The position is very clear. It seems that the Hon Members of the Opposition are not prepared to make a contribution at this moment. The Hon Mr Canepa, I am sure, will be going on for some considerable time. Would you rather leave it for the morning?

HON A J CANEPA:

I would prefer to leave it for the morning.

MR SPEAKER:

Then I think that must be the answer in the circumstances and we will now recess until tomorrow morning at 10.30.

The House recessed at 7.15 pm.

TUESDAY THE 28TH APRIL, 1987

The House resumed at 10.40 am.

MR SPEAKER:

I will remind the House that we are still at the Second Reading of the Finance Bill and I would invite any Member who wishes to contribute to the debate to do so.

HON H J ZAMMITT:

Mr Speaker, Sir, like the Hon the Leader of the Opposition I have been in this House since 1972 and therefore I have witnessed fourteen Finance Bills and we have found it very interesting over those fourteen debates to listen carefully to the contribution of the Hon the Leader of the Opposition. It is interesting to note that his contributions always brought about a very clear exposition of the situation and in looking through Hansard over the years one finds during a period when he was the Lone Ranger on the other side of the House with the then DPBG, the problems that he encountered in being or trying to be the last speaker on the Finance Bill or even on the Appropriation Bill and on examination of Hansard one finds that there were instances where there was so much dilly-dallying by Members of the then Opposition that on one occasion there was no contribution from the Hon Leader of the Opposition on the Finance Bill but he then went on and did expound the reasons why on the Appropriation Bill. Mr Speaker, what I think is rather revealing is that where the Leader of the Opposition is at his best is when, in fact, things during Estimate time or during the Budget Session are a little more lively and more problematic than when things are easy going or, should I say, when there seems to be an improvement that the Government is able to give the community of Gibraltar and therefore one finds that in the last two contributions of the Hon Leader of the Opposition there is not a fraction of the input to the debate or his contribution which, as I say, we all in this House have always looked forward to. In fact, I think it was in 1983, Mr Speaker, that the Hon and Learned the Chief Minister actually stood up and congratulated Mr Bossano for his exposition. Mr Speaker, why should this be the case? In the past there has always been revenue raising measures which are never

well received irrespective of the circumstances or the financial situation prevailing. No one wants to pay more for anything but quite the contrary would very much like to opt for paying less. It is on those issues that the Hon Leader of the Opposition really makes a good case. But I will say one thing, Mr Speaker, in fairness to the Leader of the Opposition, that he has been consistent about one thing and I will refer to the paragraph of the Hon Financial and Development Secretary's speech in the comparison which is an aim of policy certainly of this Government to try and relieve or reduce the heavy burden that the Gibraltarian community has been having for very many years on excess taxation. We know, Mr Speaker, it has been mentioned by Members opposite and by previous Opposition Members and by Members on the Government side, that we accept totally that the middle block certainly, if not all taxpayers in Gibraltar were carrying an extremely heavy burden and we all know the reasons why and there are some very logical contributions in Hansard, particularly from the Leader of the Opposition, as to why this was necessary otherwise we would have had to increase other Funded Services which the Leader of the Opposition obviously makes a very strong and valid case for not doing. But, Mr Speaker, the Government's aim of policy is to try and narrow that gap referred to by the Financial and Development Secretary between almost similar circumstances of an individual in Britain and ourselves and certainly in last year's Estimates we took a step towards that and this year once again a further step is taken and I hope and I think everybody will agree and I think our aspirations should be to try and keep walking in that direction to take this heavy burden off the Gibraltarian or the resident in Gibraltar that is undoubtedly, as recognised by all Members, overtaxed. But, of course, in looking at Hansard one finds that the Leader of the Opposition has been consistent since his time here in not opting for parity of tax measures with Great Britain. And, in fact, I think if the Hon Member cares to look at Hansard of the Budget Session of 1981 at page 193, it is clear - and I will not quote it, Mr Speaker, because I made reference to the paragraph which the Hon Members can, of course, analyse and digest. It is clear that Mr Bossano does not apply that formula and I do not know if, of course, the formula that he had in 1981 with a DPBG majority, is today the policy of the GSLP. It is certainly the policy of the Government to try and relieve the tax burden. Mr Speaker, it is probably because Mr Bossano who has, if I may use the phrase and I hope I am not offensive, the memory of an elephant, remembers that he has said this in the past that he cannot really politically accept the fact that whereas we are criticised for our financial policy there is an aim of policy which runs contrary to what Mr Bossano has been advocating certainly since 1981 and, in fact, I can quote that there are other instances following that throughout the various debates during Budget Sessions of the years I have mentioned, Mr Speaker.

HON J BOSSANO:

I wish the Hon Member would quote because, in fact, it seems to me that that is the point that was made last year by the Hon and Learned the Chief Minister in last year's Budget and I gave the Hon and Learned the Chief Minister a reply last year and if the Hon Mr Zammitt looks at last year's Hansard he will find the answer to the questions he is now asking was given last year. I said last year that the GSLP will not oppose increases in indirect taxation which hit lower incomes in order to finance tax cuts and that is what was done in 1981 by Mrs Thatcher and, Mr Speaker, I then said that it was an indication that the Hon and Learned Member did not support Mrs Thatcher's policy and you intervened at that point in last year's debate.

MR SPEAKER:

Do you remember what I said?

HON J BOSSANO:

Yes, you said that the fact that the Hon Member didn't agree with the taxation didn't mean that he didn't agree with all Mrs Thatcher's policies, that is what you said. In fact, I think the position is clear and, as I understand it, it is a position on which there isn't a major difference between the AACR and ourselves. In 1981 and still today, as far as I can understand, the AACR and ourselves both believe that although our taxation is high by comparison to UK and although our taxation ought to be brought down to comparable levels, we don't necessarily have to have an identical structure and we do not support, for example, increasing basic commodities in order to finance tax cuts. I think it is a clear position we both agree.

HON H J ZAMMITT:

Mr Speaker, I agree with that entirely and I think that that is made clear and I must say that I have checked Hansard and that is made clear by the Hon Leader of the Opposition in more than one instance throughout the very many debates. But it is very clear, Mr Speaker, from what I have quoted at 193 of the Budget Session of 1981 and despite the fact that we certainly would not have said introducing the tax structure of Great Britain into Gibraltar, we would not like to see what at the time was the 98p in the £1 and the capital gains tax and the like, no, but there is a move by this Government, certainly over the last two years, to try and alleviate the strain on the taxpayer. I think, Mr Speaker, that had the Chancellor of the Exchequer not done what he did at the last Budget, of course, the gap would have been somewhat closer but I think that the economic situation of Gibraltar improving

as it is will see in the not too distant future a major improvement but we must go step by step and I think that the AACR policy on this subject is of particular interest and worthy of note that we are and we have not this year but for the past two Budget Sessions done our best to relieve the people of what is recognised as being a heavy taxation. Mr Speaker, we see that during the first intervention of the GSLP in the House, in the Budget Session that was very shortly after the election of February and one can say that for the first two or three months one had to accept that, with respect, it was an apprenticeship other than the Hon Leader of the Opposition who has now over the years mastered the procedures of the House. But there is one thing, of course, that politicians are also caught at and that is in what they say. I remember that my Hon Friend, the Hon Mr Canepa, mentioned the fact that Members opposite were prophets of doom and I am going back, of course, to the Budget Session of 1984 which was the first Budget Session. And one sees that almost everything they said would be a failure, almost everything they said would not occur, has in fact occurred. Mr Speaker, I do not wish to bore the House with quoting various things from Hansard but it is, I think, appropriate because this is probably, possibly not probably, the last occasion of a Budget Session that either this side has as Government and that side has as Opposition or either of us not here at all and I can say that, Mr Speaker, because I remember that at the 1984 elections we were told that the DPBG would be here en bloc and we find that not one of them is here so one doesn't know, Mr Speaker, the future is one thing that we do not know. What we cannot do, Mr Speaker, is to be so emphatic at something that will not occur with total authority and then have to eat humble pie because those things do occur. Mr Speaker, the Hon Mr Pilcher was having a bit of a problem with my colleague, the Hon Mr Canepa, when he was referred to as being senile. Mr Speaker, it is funny but I think it is proper that we should remind ourselves of how careful we should be of what we say. The Hon Mr Pilcher said, page 260 of the Budget Session of the 13th March, Volume II, 1984: "The Hon Mr Canepa was delirious over last year's projects like Casemates, the Command Education Centre, pedestrianisation of Main Street, which do not appear in this year's estimates, by the way, the pedestrianisation, the plot of land beside St Martin's School, etc. Not one of these projects has materialised, Mr Speaker, so he comes back this year with the same projects adding on the Queensway development and the Rosia Bay development. Quoting his own words, Mr Speaker, he must really be frustrated if he thinks that from this side of the House we are going to believe that any of these projects, or at least very few of these projects, will materialise at all. None of these projects, if they do materialise, will come in time to save the impending doom which the Hon Mr Canepa was referring to yesterday in his intervention on the Budget". Mr Speaker, I think Casemates is on, Queensway

is on, Rosia Bay is on, and I won't go through the list, some of them are now ten storeys high and one sees there are twenty-seven tower cranes all round Gibraltar with development. So not only did he make a mistake in forecasting categorically that these things wouldn't materialise, but 300% more than was envisaged is occurring. Mr Speaker, this is the attitude of the Opposition throughout these debates. We are always reminded that everything that we have done is doomed to failure; that we have over-taxed, that we over-burden, that we under-develop, that we do not provide employment, that there was going to be a queue and everything is based precisely on the opposite of what the GSLP Members so emphatically tried to make a case of and that is the opening of the frontier. It is from there, Mr Speaker, and Mr Feetham - I can quote - actually accepted this in one of his contributions. What has occurred, Mr Speaker? There has been a marked improvement in the financial situation of Gibraltar; people have found themselves that we have been able to restrain adding costs to the Funded Services for two years; people have found that they are somewhat better off over the past two Budget Sessions in income tax and the like. And it is here, of course, that the Opposition Members find it difficult to argue because it doesn't matter what they say, there is one thing that cannot be denied, there is a betterment, there is an improvement in the financial situation of Gibraltar. Whether we agree that tourism is the first pillar or the Dockyard the second or the finance centre the third is not for me to say. What is a reality and a visible reality to the community is that there is certainly an improved situation to the very many Budgets certainly prior to 1985. Mr Speaker, it is in that context that one finds that particularly the Hon Leader of the Opposition, I think on this particular occasion as last year and I challenge them to look at the contributions, has been very much poorer than I have always found him to deliver. I think he would agree, Mr Speaker, that he himself knows that every Member of this House, not just of the GSLP present allegiance, of course, that they have to him, but every member of the DPBG or whatever independent alliance or GDM at the time, always looked with great interest and expectation to his contribution. I lament to say that I can only find that the excuse that one can offer for not having done so is because he has been caught on the hop by the financial policies of the Government and we have gone slightly above the expectations that he thought we would come up with and therefore although, quite logically, no doubt Members opposite will say we should have given more, I can say we would have liked to have given more but the facts are there for everyone to see and therefore because the Finance Bill is not one of tremendous controversy but something that can only but be well received, then, of course, it does put Members of the Opposition in a more moderate situation of not being able to argue, of not being able to demand increases in what we are suggesting. Therefore, Mr Speaker, I will dwell no longer on the

Finance Bill other than to remind Members, because they have only been here - the majority of them for four years, that if they do check Hansard they will find how very inconsistent some of them - I say some of them - are in what they say at one meeting which is totally the opposite to what they say a year or two later. I would ask them to do that, Mr Speaker, it is not at the moment the time and place to expose this but I think that in the incident that is about to occur within the next ten or twelve months, they should check before they come out with any political manifesto assurances because they might well find that they could put their foot in it. Mr Speaker, once again I think the Government that is accused and has been accused over so many years of doing everything wrong, that has not been agreed by Members of the Opposition has been proved right. Both the Hon Mr Canepa and Ministers on this side have been reminded by Members opposite that our policies were all wrong and that we were in cuckooland. Well, Mr Speaker, if we are in cuckooland and we are bettering the lot of the Gibraltarians then all I can say, Sir, is 'Viva cuckooland'. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, the Hon Mr Zammitt has been inconsistent. He has been inconsistent in saying at the beginning of his speech that we were consistent and ending by saying that we were inconsistent. He should say one thing or the other, he cannot say that the Leader of the Opposition has been consistent throughout all the Budget Sessions that he has been present in the House and end up saying that the Opposition is inconsistent. Anyway, I don't think that that is something we should go into because I could be here until tomorrow or even until Thursday talking about the inconsistencies on that side of the House and, in particular, about the way they have handled the finances of Gibraltar since 1981 onwards but then the Hon Leader of the Opposition dealt with that yesterday, things which have not been answered by either Mr Featherstone or Mr Zammitt, they seemed to be talking as if no contribution had been made from this side of the House and as if they hadn't heard anything that had been said but just arguing their case regardless of what other people put to them. Mr Speaker, my main contribution will be made, as is usual in my case, in the Appropriation Bill. But I think that one has to say that the Budget does not live up to the expectations of many people, of the expectations created by the same Government. It is the AACR that is saying how well the economy is functioning since 1985 and promising to deliver goodies in 1987. In 1987 they have been unable to deliver much more than they did last year which doesn't say very much for their forecast of how the economy was performing. In fact, they are starting to reduce the burden of taxation in a year where they are finishing up with a deficit rather than a surplus and if they were so keen in past years to reduce the

burden of taxation one wonders why in the years that they finished up with a surplus they didn't go down that path and have waited in 1987 to reduce taxation further in a year that they finish up with a deficit. Because let us face it, the Hon and Learned the Chief Minister has said yesterday that it should not be considered to be an election budget. Perhaps he is right in one context, it should not be considered to be an election Budget in what they thought they could deliver in 1985 and they have only been able to come here with the same tax exercise as last year because the economic picture is not as rosy as they have been painting it to the people of Gibraltar or they continue to paint it, Mr Speaker. The Hon Mr Zammitt has said a lot of nonsense about tax comparisons with UK and so on. Mr Speaker, we in Gibraltar should have our own tax structure related to ourselves. When people compare with UK and with other European countries it is because we have been the highest taxed people in the whole of Europe after Sweden. That is what the AACR have been offering to the people of Gibraltar since 1972 and now they are starting to give back some of the money because the frontier opened and we have been told 'Well, the frontier opened', fine, the frontier opened, Mr Speaker, but the things that are happening are not everything that the Government promised that was going to happen is happening, the things that are happening are happening despite the Government. And if they had a plan and if they were channelling the things towards and giving a direction to the private sector of what kind of economy and what kind of situations we wanted, Mr Speaker, then perhaps the advantages of an open frontier would have been much greater. Mr Speaker, the people of Gibraltar continue to accuse the AACR of doing everything wrong. It is a marvel that they cannot get anything right. Mr Zammitt seems to think that it is hearsay what people actually say in the streets. I can assure him it is not. The people of Gibraltar are tired of putting up with a Government that takes so long in taking decisions, with a Government that promises and doesn't deliver and with a Government that, Mr Speaker, has been here since 1972 and unable to satisfy the aspirations of the people of Gibraltar. I now turn to a couple of issues which I want to raise at this stage to give the Hon Financial Secretary an opportunity to answer me at the Committee Stage of the Finance Bill, Mr Speaker. I think the Government needs to explain the increase in duty of the GG plates from 2% to 5% much better than they have. I am afraid that I think it is inconsistent that they should alter the duties of the cars according to them to stimulate the sale of bigger or greater horsepower engine vehicles and at the same time increase the duty of what is an export market from 2% to 5% when in most places in Europe the export market is duty free. If they want to stifle that market, Mr Speaker, they might as well do away completely with the GG plates. If what they are thinking is that by increasing it from 2% to 5% the rates of sales is going to continue at the same level and their revenue

is going to increase, I personally believe that they are wrong because it is a market with many constraints and very competitive in that people can buy duty free cars in Belgium and have them sent to the Costa del Sol and we have to compete in that world market in terms of selling those cars. Another thing which I think I ought to point out, Mr Speaker, is that on the question of self drive cars there is a loophole which perhaps the Government has not foreseen. By reducing the self drive vehicles to 18% duty you could have a situation, Mr Speaker, where a car that would normally pay 35% duty could be imported as a self drive car paying 18% duty and on paper the self drive agency could hire it out for five years to a particular person after which that particular person would pay at the end of the five years £1 for it and that would create a loophole whereby people could buy larger horsepower engine vehicles with 18% duty and avoid paying the 35%. Other than that, Mr Speaker, the other issues have already been raised by the Leader of the Opposition and, as I said, my main contribution will be made in the Appropriation Bill where I will speak on the Departments which I shadow on this side of the House. Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, I think there can be no doubt that in general terms the performance of the economy in Gibraltar throughout 1986 has been quite satisfactory. Gibraltar's leading growth sectors, namely, tourism and finance continue to expand as indeed the latest statistics very eloquently show. The tourist industry has once again experienced a very successful year with visitor arrivals by land, sea and air being the highest since the closure of the frontier, the figures that are highest since 1968. The activity in the finance centre continues to prosper and evidence of this can be found in the increasing demand for land in terms of offices and premises which this rapidly expanding sector is placing on us. Gibrrepair, the commercial yard, albeit with financial support from the Government for capitalisation, continues to be an important source of revenue quite notably for Gibraltarians who are able to use their skills there. If the yard wasn't there and these Gibraltarian workers had to find employment elsewhere, it would be a case, Mr Speaker, of retraining them to work, say, in the tourist industry and I don't think that it is a very dignified state of affairs that someone who has gone through a lengthy apprenticeship and has been able to practice his skills in a naval yard for part of a working lifetime should have to retrain as a waiter or a hotel receptionist. I think that, in social terms, it is far better to have that sort of skilled individual working in an environment which is much more close to that which he has always known. The other thing that we should keep in mind is what would be the cost, in any case, if there were to be a substantial number of Gibraltarians now working in the yard, if there were

to be a substantial number who would be otherwise unemployed. What would be the cost in financial terms by way of unemployment benefits and supplementary benefits, what would be the cost in human and social terms and what would be the cost, indeed, in political terms? That is a fact that I think that has to borne very much in mind when we assess the direct contribution that the yard makes to employment and we must not additionally forget the indirect contribution that it makes because of the spin-off effect in other areas of the private sector. I very much hope that the implementation of the recommendations in the Price Waterhouse Report will, in fact, secure its long-term viability. It is very heartening too to see, Mr Speaker, that the construction industry after very many difficult years has reached record employment levels as the need to satisfy the demands of tourist and finance related developments has at last made its presence felt. And hence, Mr Speaker, in the reigning economic climate and with the consolidation of the Government's financial position, we have been able to contemplate this year further fiscal measures as a second phase of the process that was started last year. I see this as an attempt to ensure a fairer distribution of income and wealth and that is why we have been pleased to be able to announce once again further reductions in the levels of personal taxation. We also see them for the second year running as part of the process that was initiated in 1981 and which had to be interrupted because of the announced closure of the Dockyard and the other difficulties that the economy went through at the time of the non-implementation, the stop-go situation that we had surrounding the opening of the frontier. It has already been stated, Mr Speaker, that the estimated giveaway by the Government this year is in the region of £2.7m and more like £3½m in a full year. If we take the two years together, Mr Speaker, last year and this year, the giveaway is in excess of £5½m and once the combined effects have worked their way, have operated for a complete year which will be the case in the financial year 1988/89, the giveaway is, in fact, in excess of £7m. I think I should at this juncture correct the Hon Mr Juan Carlos Perez when he states that what we have done is the same as last year. No, he is wrong, we have given in a full year about £1m more this year than last year, the package last year of income tax measures represented about £3m in a full year, it represents much closer to £4m in a full year on this occasion and that is in keeping with the improvements that there are in the performance of the economy. To state, as Mr Juan Carlos Perez has done, that in Gibraltar we pay higher taxes than elsewhere in Europe other than Sweden is a load of rubbish, Mr Speaker. It is a statement that is being repeated ad nauseam and there is no foundation to it unless we are just speaking in terms of personal taxation. When you talk about taxation you have to look at it across the whole board and have to take into account all taxes. Income tax in France is lower than in Gibraltar but they have got other taxes allied to their social

security set-up which mean that the deductions that are made and which is really taxation from an individual's pay packet, at the end of the day those combined deductions are much higher than for the counterparts in Gibraltar. It is total taxation that has to be taken into account and if this is done, if the yardstick that is used is what is the percentage of national income that the Government derives by way of total taxation, then Gibraltar is very far down the European league and certainly far lower than the United Kingdom. In the United Kingdom you have to view up to a point social insurance contributions as being part of the tax system. We are able to afford a level of pensions benefit of the order, in fact they are higher than in the United Kingdom at the moment by about £5 a week, £67 for a married couple as against just below £62 in the United Kingdom, they are tax free in Gibraltar whereas they are taxable in the United Kingdom and we are able to afford that on social insurance contributions which are about half that of the United Kingdom. I don't think that wild sweeping statements such as those made by Mr Juan Carlos Perez and which one sees and hears repeated in the media stand up to the test of closer examination. Having heard Mr Juan Carlos Perez and yesterday the Hon Mr Bossano, particularly Mr Bossano in respect of what he said regarding the expectations that people had for this year's Budget, I am convinced that we have not acted irresponsibly and I am convinced that we have struck the right sort of balance. The temptation a few months before a general election to act irresponsibly is one that politicians have to resist and I think we have been able to do that quite successfully. We have come up with a package which is in line with the improvement in the economy and which by no stretch of the imagination can be described as an attempt to bribe the voters to return us. Let me remind also Hon Members opposite that in 1981, a year after the general election, we introduced a similar package of reductions in income tax because they were also long overdue and there could have been a temptation to have done that a year earlier in an attempt to win a general election. On this side we act responsibly and I think that our actions over the years have stood the test of time and they are indicative, I think they are part of the reason why people repose their confidence in us because they know what they can expect from us and they know that what we say and what we do are not pipe dreams. Mr Speaker, over the past two years, because of the difficulties surrounding the closure of the Dockyard and the non-opening of the frontier, real disposable incomes in Gibraltar had experienced a decline and I am very happy to see the extent to which we have been able to halt that by reducing taxation levels last year and this year and I think that with the availability of cheaper commodities in neighbouring Spain, I think that the situation today for the lower paid, for the more modest consumers, is one that is very, very heartening indeed. What effectively it means is that the adverse effects of fiscal drag, what is termed fiscal drag on

lower income households have been largely changed and the further reductions in taxation levels for this year should lead to increased spending and to boosting demand within the Gibraltar economy although to what extent in the absence of an up-to-date input/output survey, an input/output model, remains to be seen. I think it is difficult to quantify that and that is why we are attaching importance and making provision in the Estimates for a Family Expenditure Survey and for the construction of an input/output model. I am confident, Mr Speaker, and from the reactions that I have been able to assess since yesterday, that these reductions in personal taxation will be generally welcomed by the community at large. They will help to promote our image as a rapidly developing finance centre because low tax levels are, of course, a basic ingredient for an aspiring and successful financial centre. I recall, too, Mr Speaker, that some weeks ago there was an appeal by the Transport and General Workers Union in a reference that they made to the need for a social budget, for a tax giveaway of at least £4m and this I think we have been able to meet. The Government's financial and economic policies are not just manifested by the reductions in income tax. Given the new economic scenario following the opening of the frontier, given the increased demand for land for private sector development projects which I have referred to, the Government came to the conclusion that the 1981 Development Aid Ordinance was very much in need of review. This Ordinance had repealed the 1963 one and it provided a more flexible version by including a number of economic and social criteria with the principal aim of attracting investment and development. The Ordinance in 1981 was formulated at a time when there was little, if any, real economic growth and employment opportunities but the lifting of frontier restrictions and the subsequent spate of developments means that there is now hardly any justification in the Government continuing to provide the kind of incentives for developers with development aid and, in particular, with respect to small scale developments. When we took the decision to bring this to a halt, terminate these arrangements, we were conscious of the need to give a reasonable period of notice. It could have been six months, it could have been nine months, in the event we settled for twelve months but there was no connection between that and the somewhat devious reasons which the Hon Mr Bossano alleged yesterday. I know that it is difficult to believe that sort of thing but one can act with good and honourable motives but it is a fact of life, it could have been six months, it could have been nine months and there is no strong view about it other than it was thought that people should be given reasonable notice because a number of projects might be in the pipeline, for example, Rosia and Queensway, people have been working towards these and planning for these. In the case of Queensway they won't get possession before July this year and their costings are based on the reasonable expectations of applying and getting a development aid licence

and we wanted to give those people an opportunity to put in their applications. After all, these were sites that we ourselves had put out to tender, so we had an element of control over the situation. And in the case of Rosia there have been serious delays, the project would have got underway because of, rightly so, a feeling of disquiet about the nature of the development, the need to get it right to the extent that we can and so we thought that we should give those people a reasonable opportunity to put in a project application. That was the reason and I think it has been turned around in a way which is unfortunate. I think that the objections of Mr Bossano initially were based more on the question of the twelve months but here we were legislating for something that could perhaps take us into the next term of office of the next Government though I don't think that in political practice there is anything against that, there is nothing constitutionally wrong. One Government is able to legislate for a period of office well beyond its lifespan in the knowledge that the incoming Government can then do whatever it wants to, whether it is a budgetary measure or whether it is a legislative measure of any other nature. An incoming Government can seek a mandate from people and having been elected into office they can do pretty well whatever they want to provided they do not act unconstitutionally. What we have had, Mr Speaker, with the development aid licence and I think it is worth recapping, is a situation in which between 1963 and 1981 any developer applying for a development aid licence would, if the application was successful, automatically get 100% relief or else nothing at all, the application would have to be turned down. That wasn't working well at all and so we amended the Ordinance in 1981 mainly in two respects. We provided for a lower percentage of relief to be given and we also introduced into the body of the Ordinance economic criteria in order to enable the Development Aid Committee to use policy guidelines to arrive at decisions on the extent of relief that should be given. So that was the second step. Now, in the new economic climate, we honestly feel that these incentives are no longer required, that the profits to be derived from development in Gibraltar are such that they in themselves should be a sufficient incentive and that the Government doesn't need to give a tax holiday to these companies for years to come. I think the Government today would have been able to cut income tax even further if we had been able to accumulate the £15m or £18m or £20m of tax to give away over a period of time. The only snag, of course, is that some of those developments might not have taken place. But the climate is today different and so we think that we are able to move in the direction in which we are doing and that is the justification that lies behind our thinking. I don't know having regard to the objections of the Hon the Leader of the Opposition whether if a shorter time period was allowed of six months or nine months, whether that would meet the point, perhaps the matter can be considered further in Committee. Mr

Speaker, we have also, in addition and again thinking of home ownership, we have restricted for the future the award of development aid licences for home ownership schemes and I will say more about that in a moment and in addition we are increasing by £100 the amount of interest which is free of tax on accounts held at the Building Society in order to ensure that further funds are attracted to stimulate home ownership. I think the Building Societies have got enough funds at the moment, certainly for the Rosia Dale sale but there we are dealing with prices which are much lower because it involves Government selling accommodation and therefore the extent of the mortgage requirements is very much less but with other home ownership schemes, notably Vineyard in the offing, within the next year or two it could well be that the Building Societies may require a higher level of funds and hence the incentive. The Chief Minister mentioned yesterday that there had been an oversight in the speech of the Hon the Financial Secretary on the question of the amendments to the Estate Duties Ordinance in respect of the concept of the matrimonial home and what we have in mind here is, again it is a further step in developing the concept of home ownership because one thing is to give incentives to young families so that they are able to buy a home but then you must not put them in the situation in years to come or in the event of an unfortunate death of one of the partners that the surviving partner would suffer hardship in not being able to meet estate duties payment. What we are doing is that we are taking out of the estate the home, their property, the house, if it is in the joint names of husband and wife. That will only apply for husband and wife and not to children. In the case of children it will form part of the estate in the normal way. That, I think, is important as is also the provision that we are going to allow tax relief subject to the administrative and legislative problems that may have to be overcome and that is why we want to look at the matter a little bit more closely, we are going to allow relief in respect of the deposits that are made by home purchasers during the period of construction. At the moment it is £2,000 in a tax year once the purchase has been completed, once the title deed has been registered in the Supreme Court and that can take some time and to enable young families to adjust to the situation I think that if we are able to give them tax relief as they go along over a period of eighteen months to two years, that will also be highly beneficial. Mr Speaker, the Government has also been receptive to representations from areas of trade and business where matters need to be looked at. Again this has been part of an evolving pattern, it was first carried out in the case of tobacco and wines and spirits at the time of the opening of the frontier, in fact, in anticipation of that Budget because the Government can legislate by regulations when it lowers import duties, it doesn't have to come to the House and we have been receptive to representations from trade and business where that is totally justified. Two years ago we didn't think that

the situation was that clearcut in respect of the motor trade. In any case we knew that with the opening of the frontier there would be sufficient incentive for a lot of people to buy new cars so why shouldn't the Government rake in the benefit of revenue in the spontaneous purchase of new cars that was bound to occur? But now we have been able to assess the situation and we have identified key areas in the motor trade where the Government had to give assistance with the sale of large motor cars to help export sales, in the case of spares where spares are very expensive in Gibraltar and therefore the motor trade have to have lying almost dormant a lot of capital if they are to have spares readily available though the situation has improved enormously in that today with better communications if spares are not in stock they can be usually obtained within a couple of days. And so we were able to make a sympathetic response to the representations by the motor trade for a restructuring of import duties for motor vehicles and spares. The risk of a revenue loss that was referred to by the Financial and Development Secretary as being perhaps of the order of £200,000 may, in fact, be much less if we are able to divert some of the repairs and some of the purchases of spares that have been going to Spain in the last couple of years because of the high costs locally. It may well be a case as very often happens with fiscal measures that when you lower taxes, when you lower duty, in fact, the yield is either the same or perhaps even higher. I want to dwell now with the contribution of the Hon Mr Bossano yesterday and not being an economist, I am only a politician, I am certainly not going to reply in detail to the points that he made. I replied to some of them already and no doubt in their winding up speeches both the Chief Minister and the Financial and Development Secretary will also have something further to add. But as one could have expected, we have had a repetition of the statement that he has been making for some years that there is no economic planning on this side of the House, that the Government has no economic planning. I think he is really at a disadvantage because being an economist himself he doesn't perhaps understand economics, it is a failing of many economists. The Hon Mr Zammitt made reference to the speeches that Mr Bossano has been wont to make during the Budget debate over the years and I agree with Mr Zammitt up to a certain extent. For very many years those speeches were very interesting, they were worth listening to and for some of those who came in in 1972, who weren't even amateur economists it was, up to a point, a valuable lesson and highly worthwhile listening to Mr Bossano. But I am afraid that of late the situation has changed. He has really become a bit of a bore and he is not realising that you can get your message across in fifty minutes much more succinctly and much more to the point than in an hour and fifty minutes. I really don't know why he feels that he has to speak for an hour and fifty minutes or for two hours last year when the impact is no greater, certainly it

isn't any greater on this side of the House. We have an economic policy, Mr Speaker, it's a simple one, it is based - and the Hon Member's opposite laugh - on the three pillars, the three planks, as I prefer to think of them, well known finance centre, tourism and the Dockyard and an important contribution which the public sector continues to make and not the least the Ministry of Defence which is very welcome and which in the past assisted the private sector enormously because one of the fallacies today is that the private sector think that they are the only ones that are keeping the economy going and they are mistaken. The public sector continues to be important and the public sector saved the day for Gibraltar during all the years of a closed frontier and it managed to keep the private sector going and that is why today they are able to take advantage of the present situation. That should not be forgotten. It is a simple policy and what is more it is working and if we were being criticised during the years of the closed frontier and I have said time and time again and before Mr Pilcher's time Major Peliza used to make fun of me when I said that I was frustrated because development wasn't getting off the ground and if Major Peliza chastised me then, today one must be given some credit for having some vision, for preparing at least the groundwork so that when the scenario, when the climate changed all these projects can come on stream. I am not the architect because they probably would not have occurred but for the opening of the frontier but the frontier has opened, the projects are a reality, the economy is benefitting and Gibraltar generally is benefitting. People in employment are benefitting, taxpayers and consumers are benefitting and that is a fact of life. So our economic policies whether Hon Members opposite like it or not, regardless of what professional economists might say, our economic policies are working and they are bearing fruit. We don't say to the electorate 'Elect us at the next election. Give us power and we will tell you then what we are going to do, we will reveal to you then what our economic plan is'. We don't say that. We don't even tease the Chamber of Commerce after they have filled our bellies at a dinner, we don't do that. I think the Chamber of Commerce know perfectly well where they stand with us. But insofar as his economic plan is concerned, Mr Bossano really leaves, he has been behaving, I think I could best describe it as a strip tease artist and he has left Gypsy Rose Lee, that renowned strip teaser - I was going to say 'en panales', Mr Speaker, 'in nappies', but that would be a contradiction in terms. And why do I say that? Because he takes a glove off here, drops a stocking there, perhaps after the dinner of the Chamber of Commerce, I don't know I don't think any of us were there, perhaps he might even have disposed off his bra, we don't know, but one thing that he certainly didn't do was to stand stark naked before them in his G-string. That he hasn't done, he hasn't revealed himself fully. So we are all kept waiting and he is teasing everybody.

If he gets away with it at the next elections then he can stand in the G-string in No.6 if they return him there. But if he doesn't get away with it then he has miscalculated well and truly. He said that if he were to be Chief Minister he would write the speech. I have no doubt, we can see his ability with a few notes to address the House for an hour and fifty minutes, I don't doubt his ability to do that but I have told Mr Bossano in the past and I repeat it again, he ought to give me some credit for knowing a little bit about the workings of Government or the lack of workings of Government after fifteen years. I have told him before and I will tell him again, if he thinks that if he is ever elected Chief Minister he is going to be able himself to do all that he thinks he is going to do he is mistaken. He will need the civil service, he will need people to write speeches for him, to prepare papers for him, it is a fact of life because one of the things that we Ministers have to spend most time at and certainly the Chief Minister and I do that, is in meetings and when you are chairing various Committees or when you have meetings with different groups of people that demand to see you, you cannot write speeches and you cannot draft papers, your time and a very large proportion of your working day is taken up in meeting with people and in talking to people. Therefore what you do is you have your civil servants to advise you and if they are economists all the better, you get advice from them on the ground roots but the input that the politician puts in is his political philosophy. And whatever speech is drafted by any civil servant, if a Minister looks at it and it doesn't fit in with his political philosophy he is either going to ask for it to be redrafted, he will redraft it himself or put it into the waste paper bin, that is a fact of life. You have to get the civil service to work for you and with you, you cannot run the show yourself. Even if you burn the midnight oil you cannot do it and if you burn the midnight oil year after year you will just burn yourself out and then you cannot do everything that you wanted to do. That is a fact of life. I know and I have seen the enormous capacity for hard work which the Hon Mr Bossano has but, believe me, I think he is mistaken. I shouldn't be giving him this advice as his political adversary, I shouldn't be giving him what I consider to be good advice but it is a fact of life. And he shouldn't think of converting top civil servants into teaboys or the Financial and Development Secretary into his coffee boy, that would be a fundamental error. Even if they are all full-time Ministers and even if Council of Ministers meet every day of the week which would be a mistake to meet too often. The IWBP found that to their cost. You can get a lot of business done, Mr Speaker, in short meetings, it is just a case of how businesslike you are. Clement Atlee had a tremendous ability to run Cabinet and to get things moving, I think Mrs Thatcher does the same thing. I am giving him a bit of friendly advice, if he takes it to heart he might find his electoral chances

improve, perhaps in 1992. The trouble with Mr Bossano is, Mr Speaker, that he has created such an aura of expertise, of being such an authority on the economy that he doesn't seem to realise - and this is why I say that he is beginning to bore us - he doesn't seem to realise that he is speaking above the level of the heads not just of Members of the House, and I include Members opposite for all their nodding of heads sagely and wisely when they hear their master speak, and if he is speaking above the level of the heads of people here, just imagine what it must be like for the general public that today are privileged to hear him on radio. Should I remind him that the electorate does not consist of accountants? They might have found his speech yesterday very interesting. The electorate is not made up of economists and is not made up of other people who have a fairly intimate knowledge about the workings of the economy and that is why I think he is making a mistake because the message is not getting across, the theme of his speech is not getting across because he is speaking at too great a length and above the level of the majority of people. I think that the party faithful are astounded and amazed by his intellectual power and knowledge but the party faithful of the GSLP will not return him to No.6, they are not sufficient. He has got to win the support of other people and the other people are not just astounded by his intellectual capacity, that is not enough. They give him a very big personal vote but it is the other members of the party that he has got to carry, the seven of them, he can get 10,000 votes and if he doesn't get the eight elected he still will not sit in No.6, he will still continue to be Leader of the Opposition. The Hon Mr Bossano has been a Member of the Opposition now for fifteen years, it is a staggering record. I think there aren't many people in many Parliaments - perhaps some, yes, in some of the smaller islands where the Government has been in office for thirty years - but there aren't many people who have been Members of the Opposition for fifteen years without a taste of office. As I say, when I give him this advice I do so professionally as a school teacher who knows a little bit about how to get a message across to the unenlightened. The fundamental flaw that I find, Mr Speaker, in the analysis that he made yesterday is that the difference between the economy and the way that it is performing today is different to how it was performing at any time since 1969 and at any time since we, he and I, came into the House in 1972. Today there is economic growth and there are prospects of continuing economic growth and therefore the Government is able to plan, the Government can set itself objectives in the knowledge that it has a very fair chance of bringing those objectives to fruition if not in any period of twelve months then in the following period. That is, I think, the difference and that is why his thesis, I think, continued to hold good for very many years until perhaps the last couple of years. I want to say a little bit now, Mr Speaker, about the statement that he made regarding shop assistants and I think it fits in logically

with what I have said about the private sector. Today the private sector is making a much bigger and a much more important contribution to the creation of wealth in Gibraltar and to the revenues being collected by the Government. But he also made reference to what I had to say last year about the benefits of the policy of parity with the United Kingdom, a policy that we were against, a policy that we had to stomach and which we are today defending and have been defending for a number of years because we have seen the benefit in economic terms and, by and large, in terms of industrial relations. I think industrial relations would have been much worse throughout Gibraltar had we not introduced the policy of parity. But the recommendations of the Regulations of Conditions of Employment Board to the Government breach parity for shop assistants, that is based on the information that we have about the wages being paid to shop assistants in the United Kingdom. If that information is wrong then the matter ought to be clarified but on the basis of the information that we have, they breach parity and they breach parity seriously and what we don't want to see is a situation in which in the private sector one group of people breach parity, say, the shop assistants, the Government endorses that by accepting the recommendations and legislating accordingly and then that can be used as an argument by the trade unions to support claims in the private sector which would also breach parity. Because from there once that were to happen in the private sector I have no doubt, and in particular the faction within the TGWU that has never supported parity would really go to town. I think the TGWU would then be used in the public sector, inexorably would be used to breach parity and we would get into a situation of parity-plus in the public sector and any semblance of relative industrial peace will have gone forever. That is the analysis that I make and that we have made in the Government, we may be wrong in our analysis. If we are mistaken then there should be a dialogue about it and consultations about it in order to arrive at a fair and just solution. We do not want to deprive people of the wages that they are entitled to but it is not correct to say that shop assistants are the lowest paid members of the community. There are many employees in the public sector, particularly those whose salaries are age-related who are getting far less than what shop assistants get in the private sector. This is the disquietude that we have, this is the worry that we have and the reason why the Government has acted in the manner in which it has on the question of the wages of shop assistants. Mr Speaker, the Leader of the Opposition said yesterday, and I quote: "We support the development of Gibraltar as a finance centre". Let me tell him that although I will not attempt to define what a financial centre is, he has some way to go to convince the interested parties - and I don't mean political parties - that those are not just empty words. I think, Mr Speaker, that I have covered most of the ground that I wanted to cover and therefore I will sum up by saying

that the Government has and will endeavour to continue to create the right conditions for a competitive market. It is essential if we in Gibraltar are to fulfil one of our prime objectives and that is the maximisation of the benefits to our economy which the fully open frontier is afforded. We will continue when we are returned to office next year, at next year's Budget, we will continue to study further fiscal incentives, consolidating the position of the Government deriving some revenue benefit for the Government that can also be diverted to improvements in areas of social development. We are aware as I have said already, of the important role which the private sector plays and which will continue to have to play in the development of the economy of Gibraltar. The House, Mr Speaker, can rest assured that the Government's fiscal strategy next year will take all these factors into account.

HON M A FEETHAM:

Mr Speaker, I am tempted though I have persuaded myself listening to Mr Canepa, not to take the same course as Mr Canepa has done in speaking on the Finance Bill and spending all his time criticising Mr Bossano which I don't think was, in fact, a contribution of real substance in defence of Government policy, quite frankly. I will say that I will not accept any interruptions, Mr Speaker.

MR SPEAKER:

May I say, you are completely right. The person holding the floor should be heard in silence but it is my decision whether I call anyone to order. Will you please continue.

HON M A FEETHAM:

Yesterday the Chief Minister seemed to be rather aggravated by the fact that Mr Bossano had spoken for an hour and forty-five minutes and, in fact, went on to comment and said if he had spoken for another fifteen minutes he would have taken two hours and there has been further comment about Mr Bossano's lengthy contribution. I thought, quite frankly, it was a balanced contribution if you are talking about time because the Financial and Development Secretary spoke for an hour and a half and the Hon the Chief Minister spoke for half an hour which was two hours and Mr Bossano had to reply to both. So if Mr Bossano took an hour and forty-five minutes, I would say considering that they have got the Estimates and all the planning weeks ahead of them by the time they come to this House, I think that Mr Bossano was quite reasonable in having spent at least two hours in replying. The point that was made yesterday I thought was really not in keeping with the sort of standards that one likes to see in this House. However, why is it that Mr Bossano spent time in analysing the Government's Estimates and Government's

revenue raising measures? Why? Because he does and I think it has generally been accepted that he does a good job in trying to inform the House and come up with constructive analyses of what Government's policies are all about. The problem is - and that has become quite clear these last four years especially with an increased number of Members in the House of Assembly and therefore a more coordinated Opposition policy - it has become quite clear that there are serious differences about the economic strategy that one should follow with regard to Gibraltar. In that sort of situation it is obvious that Government should feel aggravated by Mr Bossano's persistence that we should advice Government that they should be taking this direction and not the direction they are taking. Let me say straightaway, Mr Speaker, that when we are on that side of the House I will welcome Government being as persistent and as critical and, in fact, I hope that the Chief Minister when he is the next Leader of the Opposition will spend as much time as Joe Bossano in analysing us and coming forward with constructive criticism because we will welcome it and it is up to us to accept the advice or not to accept the advice as the Hon Chief Minister now does. I think that answers that point. The thing that I have to draw the attention of the House to is that I find it deplorable that we should have a civil servant here who is ex-officio in the House, whose prime task is to put over Government policy and, in fact, he is as far as Government is concerned, clearly, they depend quite a lot on him and I am referring to the Hon Financial and Development Secretary who should limit his comments to Government policies and should not at any time shout 'nonsense' across the House. I think that is something which is deplorable because he is shouting 'nonsense' at political comments from this side of the House and I don't think that is, quite frankly, in keeping with the position that he has to maintain in this House. Perhaps he has been carried away by the fact that he wasn't so much a blue-eyed boy in his initial entry as Government FDS and seems to be a far more blue-eyed boy these days and consequently he feels that he has a right to shout 'nonsense' across this House and I think it is deplorable. Mr Speaker, as I have already said, one of the problems that we have and I think the general public in Gibraltar have had to bear with both sides of the House is that there are serious differences about how the economy should be managed. Consequently it becomes much more obvious that no matter what is said we tend eventually to repeat each other on policy and it can become, as the Hon Minister for Economic Development said, it can become a bit of a bore. But, unfortunately, there have been very fast and quite fundamental changes taking place in Gibraltar in the recent years and consequently the management of the economy and the future direction of the economy is something which has come far, far more to the front of Gibraltar politics and therefore it has become a much more serious issue to discuss. Mr Speaker, despite the Rambo tactics of the Hon Minister for Tourism

when he, from time to time, makes his intervention, it isn't something that one does on this side for the sake of doing it, it is because at the end of the day people will decide which way they feel Gibraltar should go. And now, Mr Speaker, having dealt with one or two of the comments that were made yesterday, there is no doubt that we are faced, in my view, with the last Budget before the elections. And though people have awaited it with expectation as an election Budget, the GSLP is not approaching it any different than we have done on previous Budgets. The 1987 Budget has been looked at on the basis of whether it strengthens the economy and not on the short-term popularity it may bring or not bring the AACR because this is the only consistent way one should look at the Government finances. Mr Speaker, the Minister for Economic Development said last year in the House that in 1985/86 the Government had advocated a policy of wait and see and that the forecasts made then were against the background of a closed frontier situation. As it turned out the new outturn for 1985/86 had, in fact, been much better - this is what he told us last year - and so in 1986/87 Government were in a much strong position than in the previous two years. The Minister ended his speech last year by saying that the foundations had been laid for sound realistic economic planning to be seen as a permanent and assured feature of Gibraltar politics. In the light of that statement last year and in continuation of our differences on economic direction I obviously have given some thought, as the person that tends to shadow Mr Canepa, to what sort of economic strategy would be reflected for the first time by Government in this Budget. I had done that by the time the estimates came into my possession because clearly we needed an economic strategy to meet our future requirements in the new situation, Mr Speaker, because this being the third year since the frontier opened, it is not the first year, it is not the second, it is the third year. Though I have to admit, Mr Speaker, by way of making a political point, I held little hope in this respect and my fears - as I will explain - were well founded, Mr Speaker. When we have forgotten all the political speeches and we get to details, Government in the estimates and true to form give no indication to suppose that it is acting with complimentary changes as a Government to meet the new situation. In fact, the estimates presented in such a manner as to make them look good, confirmed on closer scrutiny that whilst matters may have changed and they obviously have changed with the effects of the opening of the frontier, Government's approach to economic policy, on the other hand, show no change to what it was before the frontier opened. One can only conclude therefore that far from laying foundations for sound economic planning, as the Minister referred to and as repeated again this year, the Government continues to plod along on existing foundations and this is a crucial mistake and this is where the differences lie between us. Mr Speaker, reference has already been made but I wish to reiterate. With the sustain and support

policy of Her Majesty's Government now clearly over and the continued decrease in MOD expenditure, Gibraltar requires an economic policy, Mr Speaker, which has little to do with the continuation of the economic structures of the past, one that meets the reality of today and the challenge of the future, a challenge that has been laid at our door of making our own living in the world, Mr Speaker, and this is a crucial aspect when we talk about economic strategy. There is, of course, nothing in the Chief Minister's speech which refers to a strategy. In fact, the only thing he mentions is that each Budget should respond to a plan, provide a sphere and set aims and objectives. And I am asking myself where does he say what the plan is, what is the sphere and what are the aims and objectives of the Government economic strategy? He doesn't. There is no doubt about it at all that the Gibraltar Government's finances have been sustained in part by one of the highest levels of personal taxation in Europe and that is why, Mr Speaker, when we talk about taxation we are talking about restructuring of the whole tax system. It cannot be done in isolation. The moment we do something in isolation we begin to create distortions and what is needed in the new situation is a complete restructure and that, again, is the difference that we have. It is no good the Minister for Economic Development talking about the national insurance contributions in UK and so on, and talking about the wide aspects of taxation. We are saying that the economy of Gibraltar no longer meets the requirements of a defence expenditure and consequently with a shift clearly there from public sector to private sector, we need a comprehensive view of our tax system. However, Mr Speaker, nothing can convince the people of Gibraltar that the time has not come for repaying to them the long years of high taxation, of subsidising the rest of the community through high taxation and the revised allowances announced in this Budget fall short of a just reward. Because, Mr Speaker, again, there is no denying that the new growth in the context that the AACR state and has been stated on more than one occasion, is as a result of their accepting the Brussels Agreement, a claim which is a complete nonsense, Mr Speaker. People are not seeing it in that context but they are seeing it in the context, Mr Speaker, that Government were previously saying in a closed frontier situation when the AACR accepted the £28m and the land package, that it was a generous deal in itself. The opening of the frontier from the AACR's point of view can therefore be termed as a bonus and that is the difference. A bonus which has not been so far reflected in a fair redistribution of income and wealth because that requires a fresh economic and tax approach to Gibraltar. The reality of the road the AACR is taking Gibraltar down in all aspects of our economic wellbeing is what this Budget and estimates require to be examined on. I think at this stage, Mr Speaker, by way of example of the lack of philosophy apparent in the Government's economic strategy, for it is easy to say one thing and do nothing or do something different, I wish to remind the House that in 1986 the Chief Minister

said in the Budget in relation to the Improvement and Development Fund, that it was the bare minimum and that it had been set at that level because Government had not had a reply from UK regarding the aid submission and that the actual reply had only been given in response to a question the previous day and that it was in the process of being analysed, which was fair enough. The indications, however, were that they expected to come with supplementary expenditure during the course of the year. Mr Speaker, not only have they not done that but they have practically not spent what they were planning to spend which was £64m as opposed to what they now said they have spent which is £4.1m, a shortfall in expenditure of £2.5m, a matter I will be dealing with further together with the estimated expenditure in the I&D Fund for this year when we debate the Appropriation Bill. The Chief Minister referred to, in passing, in his speech in the House yesterday, to the 1986/90 Development Programme and Mr Canepa has also re-emphasised some aspects of the Development Programme and projects. But we have to see the statements being made in this House today with what was Government's view as to the kind of development programme Gibraltar requires because there is a statement made by the Minister for Economic Development and Trade in 1985 and that was that Gibraltar required a £50m Development Programme to take Gibraltar into 1990's. This was published in the Chronicle. It says that the Government were preparing a £50m Development Programme as a requirement to take Gibraltar into the 1990's. These £50m, Mr Speaker, which the Minister said was required is in sharp contrast with the figures he gave me at the last meeting of the House which was £20m. A reduction in the envisaged programme of £30m. Is it, Mr Speaker, that Government now thinks that they don't need £50m or is it that they do need £50m but have not proceeded with it because they cannot afford a £50m programme? This needs to be explained by Government and no explanation has so far been given. I doubt whether it is that the Chronicle was misquoting the Minister because otherwise the Minister in his usual efficient manner would have written to the Chronicle and denied what the Chronicle was saying. Mr Speaker, there is a clear indication in the Improvement and Development Fund expenditure in this Budget, coming as it does at the end of their term of office that if the AACR get back into office we can expect them to do only this kind of programme and nothing else. I wish to say, Mr Speaker, that we cannot support this Development Programme, not because we think it may contain anything unnecessary, that's not the point and doesn't need to be done but because it does not contain anything new, Mr Speaker, and again this is where we begin to part ways. It is not an indicator of the kind of impetus that the Government of Gibraltar needs to give the economy. There is no indication of that at all in the Improvement and Development Fund. Therefore, when we are elected into Government at the next elections, we have to make it quite clear that we shall be coming in with an investment programme of our own and consequently we cannot give the impression

to the public today that if we are elected we shall be carrying on from where the AACR has left. The only thing is that the FDS in looking at the income side of the Improvement and Development Fund, referred to receipts from the sale of Government property. Mr Speaker, the income of the Improvement and Development Fund seems to rely very heavily on the sale of land and houses to sitting tenants. And, again, Mr Speaker, we do not support the present AACR proposals in this respect. We think it is wrong for the government to be seen to push their proposals now when they have only a few months to go. Quite frankly, Mr Speaker, they had the right to come and do it after the 1984 election which they did in the case of Shorthorn Estate. If they had gone ahead, Mr Speaker, let me qualify, and sold Shorthorn Estate and sold other properties at that time, as far as we are concerned they had a mandate and therefore a right to do it. But having failed to sell in three years, to attempt to sell them a few months before the next election is completely wrong and we shall seek to discourage people from buying them.

HON H J ZAMMITT:

If the Hon Member will give way. I think he is wrong, Sir, he has got the facts wrong. Shorthorn Estate has been sold.

HON M A FEETHAM:

I have said so, I have said Shorthorn Estate has been sold.

MR SPEAKER:

If you do not give way you cannot reply to what the Minister has said.

HON M A FEETHAM:

I shall repeat it for the benefit of the Member opposite. Quite frankly, they had a right to come in and do it after the 1984 election which they did in the case of Shorthorn Estate. If they had gone ahead and sold Shorthorn Estate and sold other properties at that time, well and good because as far as we were concerned they had a mandate to do it and therefore a right to do it. But we are questioning that having failed to sell them in three years, the rest of the properties which are for sale now, to do so a few months before the next election is completely wrong and we shall seek to discourage people from buying them.

HON H J ZAMMITT:

If the Hon Member will give way. I am very grateful to the Hon Member for giving way, Sir, because he is getting his facts wrong. I don't think it is proper for him to say that the AACR is introducing a change in the Development Aid Ordinance several months before an election. In fact, if he looks at Mansard of 1985, again the Budget Session, Mr Speaker, he himself had crossed words with the Minister for Economic Development where the Hon Member was not satisfied - I am referring to page 54 of the Budget Session on the 26th March, 1985 - where he was not satisfied with the amendment that the Hon Mr Canepa had brought in and then Mr Canepa actually clearly states that the amendment is to encourage home ownership. Mr Speaker, that we haven't sold is one factor but it cannot be alleged that the Government is introducing legislation now to have a popular feel amongst the electorate on home ownership. We have been at home ownership since the 1970's, Mr Speaker. I think he is giving a different colour which is less than being fair.

HON M A FEETHAM:

Mr Speaker, I am amazed because I haven't said anything about the Development Aid Ordinance at all. What I am talking about is that Government now are estimating to sell land and houses to the tune of £3.1m and we are questioning the home ownership scheme because they have sold Shorthorn and they could have sold other properties but what they are doing is they are beginning to sell now. I am not talking about the Development Aid Ordinance, I am questioning the wisdom of doing this and, in fact, I am saying that we shall discourage people from buying them. And why are we doing that, Mr Speaker, having now corrected the Hon Member opposite? We cannot accept this because when we are elected we should not be stuck with proposals which the AACR have put forward which we do not think make sense either for the Government or for the tenants, quite frankly, because we believe we can give the tenants a better deal. Therefore, Mr Speaker, I have made that point because what confidence, we have to ask ourselves, what confidence can we have in the Improvement and Development Fund expenditure when it seems to be totally reliant on the success of sales of Government property. The Government, Mr Speaker, has got as income a situation where from the local funds we are talking about £5½m and from that £5½m, £2½m is money raised from borrowing and £3m from selling land and houses. Mr Speaker, does that mean that the AACR are really going to spend £8½m in the next year? Suppose that the sale of properties does not go as planned, that means that the whole Development Programme is cut in half so, in fact, it is not a Development Programme which seems to address itself to the problems of Gibraltar's needs. It is not a Development Programme that seems to meet the requirements that the Government

said was required two years ago of a £50m Development Programme and it is certainly not a Development Programme, Mr Speaker, that can be guaranteed to be spent because the money on which it is dependent is not money which can be guaranteed to come in. Mr Speaker, if there is no money for housing here, what happens if the money from the land and property sales starts faulting? The Financial and Development Secretary is surely aware that in looking at last year's picture in home ownership sales Government expected to raise a total of £0.9m. The breakdown last year was given as follows: in 1984/85 - £0.08m; in 1985/86 - £0.2m; a total of £0.3m and they said that they were leaving £0.6m for 1986/87, bringing the totals I have already said, to £0.9m. In contrast this year, Mr Speaker, the estimates are raised to £0.4m and they now bring in their estimates a total of £1.3m. However, the breakdown - this is a curious thing and I think I know the answer but I will expect the Hon Financial Secretary to give it later - however, the breakdown he has given this year shows no revenue sales in 1984/85; 1985/86; 1986/87 and, in fact, they are estimating in 1987/88 to raise the £1.3m and I have to ask is this new figure of £1.3m on top of the £0.9m and if so where has the £0.9m gone as projected last year? What happened with the estimated sales for 1984/85 and 1985/86 totalling £0.3m? On the other hand, Mr Speaker, if the Government is now saying that the £0.9m has not been raised through the sale over the last three years, how can we expect the Government to raise through sales £1.3m in one year? And, if so, Mr Speaker, quite frankly, for what? If Engineer House is going to cost £35,000 per unit, is Government saying that they are going to sell £1.3m of houses to construct forty-plus units? Does it not make more sense to consider that Government borrowed £2.3m in 1985 to cover recurrent expenditure, a departure from the previous policy of borrowing to use for development projects, the FDS talks now about further borrowing if the sales fail to materialise as envisaged or in the projected time but, Mr Speaker, there is no denying that the £2.3m is still in the reserves and he is talking about borrowing. Should Government not proceed to put the £2.3m in the Improvement and Development Fund as we have said on previous occasions and start building houses without having to rely on income from sales of Government housing stock? At the very least the risk in this approach is minimal and if the money, Mr Speaker, from sales does come in, well and good and at least we are starting to build houses, Mr Speaker. Mr Speaker, insofar as income from the sale of land is concerned, I can well understand the statement the Chief Minister made, in page 3, yesterday when he said: "To some extent, renewed private sector investment is currently experiencing an early burst which should eventually taper into a more settled pattern. Additionally, as the estimates of expenditure reflect, this surge in activity is accompanied by increased demand for public sector services, notably in infrastructure. It is therefore necessary not to be overcome by a false sense of over-optimism". I agree absolutely

with that and it is reflected again this year because if we talk about income from the sale of land, Mr Speaker, this is where we begin to talk about infrastructure provided by the public sector, if we can discard the area of the Vineyard which was sold for £100, Government is clearly putting on top money for the services to this development but on the other hand, to be fair to the developer, it is a development where Government as well were putting limitations of prices and consequently in that sort of package there is an argument in favour. However, Mr Speaker, what about the other areas, this is what we have to analyse, what about the other areas? They are supposed to be for commercial development. What is Government going to get out of this for the land if, Mr Speaker, they are financing the development programme with the sale of land and property and from borrowing and the contribution from the sale of land is all spent back on providing services, etc for the developer, the infrastructural set up, Mr Speaker, free of charge and that may not be enough because on top of that we may have to borrow money which the public and the taxpayer has then to service interest and repay. What is Gibraltar getting back for that land, Mr Speaker? Are we giving the land away for nothing in practical terms and, if so, why is Government doing it especially when they know that we are working under a false sense of optimism, Mr Speaker? How can we be putting money away from the sale of land for development and on the other hand spending money to provide the developers with services, Mr Speaker? It certainly makes, to some extent, a contradictory situation when we talk about the restructure of the Development Aid Ordinance which has already been tackled by my colleague and Leader. Because, Mr Speaker, if we have an economy which the Government admits is overheating, a statement made by Ministers opposite, the economy is overheating because there is enough development now to keep the construction industry fully employed, is Government not responsible for that situation? Are they not responsible as well for the fact that in that rush of development that they have not spent their own money, their own estimated expenditure for last year because of the overheating. Last year, Mr Speaker, Government introduced new projects of which £2.5m was to be spent in 1986/87, if I have got my figures right. In fact, as it has turned out, they have only spent approximately £200,000 out of £2.5m because of the overheating, Mr Speaker. Do they intend to spend it this year in the light of what has happened last year and in the light of the change in the Development Aid Ordinance which has been introduced in this House? If the situation is not going to change why have they earmarked money for expenditure at all? I have to make that statement, Mr Speaker, because I will be saying exactly the same thing next year from this side if we are on this side of the House. Do they really believe they can spend it, Mr Speaker? Much has been said about the construction industry. I think Government should give some thought to the construction industry, quite frankly, and show that they are in a position to exercise some control over

future construction. Because we now have, of course, over 1,000 employees in the construction industry what we should be asking ourselves is, do we want a construction industry of more than 1,000? And is it Government policy, which they haven't said at all, that this is the correct size for the construction industry? Does Government believe it should be 2,000 people? Is there any limit at all in Government's view or policy as to the number of people that should be employed in the construction industry because that is a vital area where we are likely to be faced with enormous problems in the future and I think we need to have some policy on manpower requirements, Mr Speaker. I put it to you, is it not more sensible to operate Gibraltar's development in view that we are overheating on the basis of giving long-term employment to a reasonable and realistic number of people with good conditions of work where we can for the first time begin to do away with that myth that the Gibraltarians will not go into the construction industry because it is not the sort of job they would like to do. There are lots of young people, given the opportunity and the incentive and it is not just giving them a job, it gives them training, it gives them good conditions of work, it means having continuity and security of employment which has been lacking in the construction industry because of the closed frontier situation. If we are now thinking that that is a vital area of our development, it is an area where we can because we are not talking about a lot of youngsters, it is a problem which affects the house where that youngster is unemployed and it is a big problem for them and we are talking, perhaps, of forty or fifty youngsters that we can give proper training to and we have to guarantee them good conditions of employment. And it cannot be an industry where we have jobs going for three months and then redundancy and then unemployment for three or four months and then back again, it cannot be done. It can be done, however, if we have proper manpower planning and we have a stable construction industry and that is where Government has to give policy direction. They haven't said anything at all, Mr Speaker, about what should be the limit and what should be the basis of future employment in the construction industry. I think, considering the vulnerability that we are faced with in Gibraltar in many aspects, primarily political, we cannot get away from that fact, that we have to consider when we are making economic decisions that Gibraltar, to some extent, is a small place which is vulnerable and it is vulnerable when we have got a neighbour despite all the overtures, that will try to do everything possible, as I will give some examples later, that will do everything possible to undermine Gibraltar's economy. Democracy in Europe extends only to the national interest, once you get outside the national interest it doesn't matter about anybody else but we are faced with that problem and consequently I think, Mr Speaker, that it will be better for Gibraltar, and I make it quite clear publicly, that rather than importing labour on short-term for a year or eighteen months who then will, under Community law, Mr Speaker, if they are Spanish nationals, acquire rights to social security benefits

in the long-term, rather than that, Mr Speaker, we should have a different policy as I have tried to outline previously. Mr Speaker, we should learn from experiences and we have got the experience of what happened when the construction industry overheated some years back and it became vulnerable to economic pressure and it wasn't a direct economic pressure, it was a fact that there was a rundown and it was the fact that the British Government for their own economic consideration as to Gibraltar's future economic direction started to put the clamp on development aid for Gibraltar and what happened? The whole construction came to a grinding halt completely and whether we like it or not, I have to say that we were to some extent fortunate that during that period the economy lost 1,500 jobs and because they were, Mr Speaker, quite frankly, Moroccans who went off and getting the thirteen weeks unemployment benefit and we were able to sustain the situation. It is a different kettle of fish now and that is where we have to seriously consider what we are doing because it is a new ball game that we are playing. We are talking about multi-nationals, we are talking about Community rights and we are talking about defending Gibraltar's national interests however small they are and employment is an area which will be vital to sustaining Gibraltar's economic independence. That is why I have said after having had the experience of the past let's not overdo it because somebody will regret it in the long-term and the problem is that some of us may not be around to take the responsibility for it but there are a lot of young people who could be given an opportunity if we persevere with them because I know it also requires a change of attitude on their part, I can understand that. It is our responsibility to ensure that we are successful. I think, Mr Speaker, that a policy statement from Government on this is required. Mr Speaker, I have to ask them if this Development Programme which the Government now is pursuing and the line they have taken is compatible with taking into account the private sector development and UK development expenditure, the three things. Is it compatible with the size of the industry that we have today or does it mean that the industry will have to get bigger? That is another thing which Government has to consider and reply. Insofar, Mr Speaker, as the comments which have been made about Gibraltar's competitiveness vis-a-vis Spain and the question of sales having improved and import duty having gone up and so on which is obviously a hallmark of more movement of people, we accept that, we didn't accept anything different was going to happen, Government has not made any move on import duty. I can understand why they haven't done so. If it means that three million people are coming through the frontier and Gibraltar clearly is developing as a shopping centre, clearly, it is not developing as a day visit because they are going sightseeing, we have a statement made which is quite right, the statement made by the Hon Minister for Tourism that it is unfortunate that people don't see more of Gibraltar's historical sites and, in fact, there has been a decrease in receipts in that aspect. It is

clear from these figures that Gibraltar is developing as a shopping centre and there is no reflection here at all that Government wants to maintain the edge generally in trade in that area. The week before last, Mr Speaker, there was an exhibition - I don't know whether any Members opposite - in the Holiday Inn where they gave us information, they informed us about the Sotogrande shopping centre. One of the arguments that was being used there and I think to some extent the arguments were being forced by the fact that His Highness Prince Charles has visited Spain, one of the ideas behind that visit is to increase British exports to Spain, there is no doubt about that. Of the arguments that was being used was that this shopping centre was going to be a major development for the sale of British goods on the other side of the frontier. And, in fact, they are so optimistic about it that they were inviting Gibraltarians, businessmen in Gibraltar to set up their businesses over there. During question time somebody asked: 'Gibraltar will still have the advantage because of the tariff structure that Spain has to endure through the transitional period'. And the answer was given quite clearly: 'By the time that project is finished which will commence in the near future, the tariff barriers will have been removed'. I ask myself, what timing do we have in order to make a move in the area of trade to make Gibraltar sustain itself in the competitive element with Spain before this sort of thing begins to happen on the other side? Today, well and good, today we are saying three million people are coming into Gibraltar and consequently import duty has gone up and we see no need to make any move on import duty. But it is a vulnerable situation because it could be one million tomorrow and if the shopping centre is what makes people come to Gibraltar, primarily, which is a fact, it would mean that if they have got British goods on the other side of the frontier as competitive as Gibraltar people are not going to come into Gibraltar and we will lose revenue in that respect, it is clear, how much we will see, we are going to lose revenue because coming to Gibraltar, a two and a half hour ride, finding the problems that we have in Gibraltar in circulation, congestion and so on, to buy when they have got the goods on the other side, is something that quite frankly we need to give very serious consideration. We see that no measures have been taken this year in the Budget, fine, but I think that it is something that needs to be considered very seriously by Government. Mainly, too, because the Hon Minister for Economic Development told us a little while back in his speech that it has been of benefit to Gibraltarians that as consumers they have been able to buy cheaper and that to some extent has been welcomed. The same argument will apply when the situation changes insofar as this complex is concerned. Mr Speaker, having made those points we consider that the Government are not coming to the House with a realistic Development Programme and that is quite clear and therefore there is little comfort that one can draw from it for the next twelve months. Since everybody is talking about the elections

and who will be elected and who won't be elected, I think that the only answer to that is that the sooner the Chief Minister calls the elections the better or in the event that a GSLP Government will be elected this Development Programme, let's be clear about it, will need a complete reappraisal, there is no doubt about that. It will have to be more realistic and, above all, in keeping with Gibraltar's potential and future needs which is now a matter of serious urgency, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, I would like to say a few words on the general principles of the Bill and reserve the right to speak on my Departments in the Appropriation Bill. I shall certainly attempt to be brief in order to go home for lunch. Mr Speaker, I was very disappointed with the Hon the Leader of the Opposition like my Hon Friend, Mr Canepa said earlier. I look forward to his contributions, occasionally there is something that we on this side take on board which makes sense, unfortunately yesterday he left us in a state of limbo. One can accept that the Leader of the Opposition should consider this Budget unfavourably, we cannot expect otherwise from Members of the Opposition, but whether we take certain measures or we don't take them, I think we would come under the same rhetoric of nearly two hours as we did yesterday. Particularly since the glimpses of the still very secret economic plan that we have been getting lately, point to an economic direction which certainly differs from our economic direction. It certainly does not fit with our way of thinking, our economic way of thinking. That makes it even more sad that the Hon Leader of the Opposition yesterday could not find much good in the Budget that we have presented this year. The different management approach of the economy by the party in Opposition is certainly going to give us a few surprises in the future and if as they state they intend to make it more public in their manifesto, then we are all looking forward to that. But it would have been very plausible yesterday for the Hon Leader of the Opposition to have, at least as he has done on many other occasions, given credit where credit is due. This year's Budget, Mr Speaker, is one which is excellent, progressive and certainly a clean Budget. I say clean because as the Chief Minister said yesterday it responds to the need to improve economic conditions and certainly not to win votes. The 'Panorama' news weekly published yesterday I think confirms the general view in the street that the Budget cannot be described as an election Budget after all. Whether the Leader of the Opposition and certainly the Opposition as a whole like it or not, this is good management, good Government and an honest approach to politics. We have carried on where we left off last year. We have tried to improve the lot of the people when we have been able within the financial constraints and certainly this year by at the same time making substantial contributions to the I&D Fund in order to improve the public services to the people.

We have introduced various measures which, although small when you take them in the global side of this year's Budget but, nevertheless they will have an effect on many people and I think it will alleviate them to some extent. For example, the qualifying limits of income for the over 65's which we have increased substantially from £3,000 to £4,500; the blind persons allowance from £150 to £250; the apprentices allowance from £200 to £250; and tax deductions for the maintenance of children where alimony is paid. Surprisingly, yesterday the Hon the Leader of the Opposition did not mention the changes or the proposals being made to estate duty. I do not recall at all in his two hours speech, he might correct me, he did not mention it. I am surprised because this is something that affects us sooner or later and what the Government have done this year is very progressive. If anybody has been affected by a death recently or not too recently, he will know that the hardship that this causes many people is quite substantial and really when you are talking of people of moderate means it is very, very bad that people should be affected in their pockets when they can least afford it. We have increased the first threshold where estate duty will not be paid to £20,000 and we have taken, as Mr Canepa said earlier in his contribution, that the matrimonial home should not form part of the estate of the survivor. Not only that but the threshold of the table has been taken to such an extent where the moderate estates will not suffer heavy taxation until the level of estate gets to the stage - if I remember correctly, I am quoting from memory - between £400,000 and £500,000 which I think will put the majority of people at a level which will not create hardship for them. I am surprised that the Hon Leader of the Opposition, I must say so again because he is usually very humanist in his outlook and I am surprised that he has not made any mention of this. Certainly he must give us credit for that.

HON J BOSSANO:

If the Hon Member will give way, Mr Speaker. I understood the statement to say that this was only a temporary measure that the Government was taking and that they would be coming back with a major restructuring of the system of estate duty. That is how I understood the statement. If that is the case, when they come up with the restructuring I will react to it.

HON G MASCARENHAS:

Mr Speaker, that is not the case. I honestly don't know why the Hon Leader of the Opposition gets that impression.

HON J BOSSANO:

Because that is what the statement says, Mr Speaker.

HON CHIEF MINISTER:

What was said to be done outright was to leave estates under £20,000 the non-payment of any estate duty. The rest of the figures would be given later because it was rather complicated. There is no conflict about it.

HON G MASCARENHAS:

Mr Speaker, this year's Budget, the same as last year's and the same as the year before, is an egalitarian Budget. The monthly payment of PAYE for slow payers will be speeded up. The Commissioner will be empowered to institute legal proceedings on his own assessment. There is no reason why PAYE money which is owed should be retained by any employer, this is totally immoral and is totally unacceptable to Members on this side of the House as I am sure it must be to Members on the other side of the House.

HON J BOSSANO:

If the Hon Member will allow me to interrupt him, I am sorry, I don't want to cut his speech but I think for the sake of the record, the statement by the Financial and Development Secretary says: "The Government is to carry out a review of the provisions of the Estate Duties Ordinance with a view to introducing a progressive system, that is to say, where duty is charged at a higher rate" and so forth. "As an immediate measure the amount of estate on which no duty is charged will be raised to £20,000". We understood that statement to be that what we are getting at the moment is the immediate measure and we have still got to await the other thing mentioned in the first paragraph. If that is the case we will react when we know what it is, not before.

HON G MASCARENHAS:

But, Mr Speaker, what I meant to say was that I would have hoped that the Hon Member would have reacted to the £20,000, with £10,000 these days very few people will get away without paying a penny in estate duty. Anyway, be that as it may, Mr Speaker, finally, I would like to stress something that has been uppermost in our minds during the deliberations in the weeks preceding this Budget Session. We have tried to maintain a proper balance between the every day living of the people of Gibraltar and the new opportunities which are arising and which will continue to arise. We are conscious and it is imperative that we do not lose sight of this, we are convinced that we have succeeded in maintaining a right balance in what is good for Gibraltar's future prosperity and what is the people's right to enjoy a

superior standard of living in every respect, in social terms and in economic terms. This is the aim of the Government and if I may say so, we have succeeded beyond what many of our opponents expected. It is important that the cake should be fairly shared and in doing so and at the same time making improvements to all the public services as shall be seen later on in the proceedings. Mr Speaker, what we started last year has been taken further this year and it is certainly our intention to take it even further next year.

MR SPEAKER:

Perhaps this is an adequate time to recess until this afternoon at 3.15.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind the House that we are still on the Second Reading of the Finance Bill and I invite any contributor who wishes to take part in the debate to do so now.

HON J E PILCHER:

Thank you, Mr Speaker. In delivering my contribution on the general principles of the Finance Bill, Mr Speaker, I will try to be brief because I know how much it upsets both the Hon and Learned Chief Minister and his colleague for us to give long speeches. I will try as well not to bore him because although that is more difficult since I have and, in fact, the Opposition have been expounding the same message year after year with it falling in deaf ears but I suppose after a while it does tend to get boring for both sides of the House. Certainly, although I am only a Member since 1984 I was, in fact, one of the members of the general public who did attend the House of Assembly before 1984 and I also remember the congratulations from that side of the House at the speeches of the Hon Joe, the then 'Lone Ranger', as he was called this morning, by the Members on the Government benches. It has changed since 1984 not because the speeches were different, Mr Speaker, but what was different was that Mr Bossano was no longer the Lone Ranger, Mr Bossano was backed by a team in Opposition threatening the Government.....

HON A J CANEPA:

A posse.

HON J E PILCHER:

A posse, yes, threatening the Government in their position as Government and I think that is what has changed. Since 1984 we have seen criticism on that side of the House not because Mr Bossano's speeches got any more worse or any more boring, because I remember he used to speak for over two hours, I remember if I am not mistaken, in 1983 or 1982 when he spoke for nearly two and a half hours and all that was levied from that side of the House was praise at his economic brain. That has changed this time round, obviously, and the same criticism from speech after speech from that side of the House because, in fact, we are now threatening them in a way that the AACR have never been threatened before. Coming back to the general principles, I think I have to mention - it has been mentioned, in fact, by my Hon Colleague Mr Perez but I think I have to mention it again because I have done this certainly over the last two years, in 1984 I was a newcomer and I take it that perhaps that year was the year of apprenticeship if we can call it that, but since 1985 we have been making the same points. I think it is a point which marks a difference in the way people see the dealings of the House of Assembly. I think Mr Featherstone in 1985 together with Mr Mascarenhas, spoke of the goodies that the Government were going to give away and they also spoke - and they have again this year - I think, again, it was Mr Mascarenhas this year, of the situation of the GSLP being prophets of doom. I think this is where perhaps, and I have, for example, today I don't know if Members opposite have heard comments by the general public on the Budget and I think the underlying comment has been 'disappointing', 'we thought there was going to be more', 'not enough', 'in an election Budget we thought it was going to be different', 'with the boom that is occurring in Gibraltar we should get more'. This mentality, Mr Speaker, has been created by the AACR Government because they continually call us prophets of doom and in doing so there are two elements that happen. One is they disassociate from the reality, the reality which I will be bringing them back to in a moment when we analyse the accounts, page 5, for 1987/88, but what they also do is they make the ordinary man in the street believe that everything is rosy and everything is fantastic and the boom has occurred and there is enough money.....

HON A J CANEPA:

If the Hon Member will give way, I am very grateful. I counted seven persons who were interviewed on radio after the 1.30 news. One of them I regard as irrelevant, Mr Tony Loddo is not an independent person, he is irrelevant, his views are of no relevance.

HON J E PILCHER:

Why?

HON A J CANEPA:

Why are they not relevant?

HON J C PEREZ:

He is a member of the public.

HON A J CANEPA:

He is as much a member of the public as Mr Aurelio Montegriffo would have been a member of the public and I would not have regarded the views of Mr Aurelio Montegriffo as being those of an ordinary member of the public, so that leaves six. The last three were quite happy with the Budget, the first three were not. I made it my business to count the opinions because that is important and I think that the interviewer was very good, very professional in presenting a balanced point of view.

HON J E PILCHER:

Be that as it may, Mr Speaker, I still think that the majority of Gibraltarians, I said that because it highlighted it in mind during lunch time but I still believe that the majority of people are very disappointed at what they see is a supposed boom situation in which the Government promised in 1985, in the Budget of 1985 were announcing that they would be very shortly giving out the goodies, in 1986 they gave out £3m on income tax but then everybody was expecting that the boom would materialise this year in an election Budget and this has not happened. There are two factors which I think refer directly to a Budget. One is the Finance Bill and the other one is the Appropriation Bill. I will not comment on the Appropriation Bill because obviously we will have a full debate and Members of both the Opposition and the Government will have a chance to speak but I think I individually take the Budget as a whole and it is not only whether you lower direct taxation or increase direct taxation or you do it with indirect taxation, it is the package in both expenditure and revenue that creates the economic base for the following year. We have not discussed the Appropriation Bill yet but there are already pointers that in areas which, obviously, will be highlighted by other Members of the Opposition, medical services, housing and a lot of other factors; there are not any substantial improvements as a result of which the society in which we have been living in in the last three years will continue to be the same for the next year. The fact that somebody has £4 or £5 more in his pocket does not

make a lot of difference when you look at the whole scenario of what is living in a society. The scenario that was created and I think I will take the Members back to last year and, in fact, I will read what I said last year because it hasn't made, in my mind certainly, a lot of difference and I do accept that sometimes the Hon Leader of the Opposition is a bit technical in his explanations and therefore he might lose some of the audience, in fact, this year we have a much greater audience than we have ever had but irrespective of that, he does sometimes lose the audience but I do not because I tend to bring down the situation to very, very concrete examples and I will read what I said on the Finance Bill last year: "And we were talking mainly, when we were talking about last year, about the underestimation in last year's Budget, which we consider is very important because I certainly think that it is a political manoeuvre by the Government. The underestimation is a political manoeuvre by the Government to get us to be the prophets of doom because it is how you present the thing that you get a reaction from people. If I were to say to somebody: 'I have just had an electricity bill for £30 and I only have £15', the person would have every right in the world to say: 'Well, he cannot afford the electricity bill'. But if then I say two months later: 'No, I had £50 extra in the bank', then obviously the scenario has changed and this is what the Government are doing year after year and I will give you an example, not in the import duty because in the import duty, I accept that last year was an area which I certainly think was completely underestimated, but the excuses of Government can, if anything, be that. Let us look at the income tax, Mr Speaker. For 1983/84 the Government raised £20m for income tax which was nearly £1m more than they estimated for. In 1984/85 they estimated for £19½m and they got £20½m. In 1985/86 they estimated for £21½m and they got £22½m. This year, Mr Speaker, the Government estimated for £21½m and ended up the year with £24m. Mr Speaker, it is not a question of being prophets of doom, it is a question of reacting to the papers laid before us by the Government party. If we analyse page 5 of the Estimates this year and we take away the borrowing rate that the Government has included since last year into the financial statement, we see that last year the Government ended the year, in 1986/87, with a deficit of £384,000. This year the Government - when I say this year I mean 1987/88 - after you take away the £1m of the borrowing capability we end up with £1,397,000. I would like the Financial and Development Secretary in his contribution to let us know what is the forecast deficit as a result of the Finance Bill. Because if the Government say that they are going to give back nearly £3m then, obviously, that will come, £4m according to the Chronicle, but we all know that we are talking about nine months, we are talking about nine months and we are talking about nearer £3m - £2.7m or £2.8m - then that must be taken into account and we will end the year, according to

their own Government Estimates, with a deficit something in the region of £1½m. That is what we react to. We react to these figures put in front of us and if the Government is telling the Opposition that at the end of next year we are going to have a deficit of £1½m then we can only say 'well, that is not a healthy state of the economy'. If you come back next year and say 'instead of having £1½m deficit we have £5m surplus', well, we cannot react next year to something that we have already said this year but the next year you do exactly the same because you have been doing it successively for the last three years. I think what certainly is unfair is that the Financial and Development Secretary is playing around with the figures so as to hide away the real value of governmental assets in the financial statement. Of course, we then have what I myself call reverse logic, it could be 'Con la verdad te engano'. The Hon and Learned Chief Minister saying 'There are those who may find it irresistible to say that we have produced a Budget geared simply for an election'. I leave it to the people of Gibraltar to decide whether if the financial position of the Government is as it is shown in the Estimates, whether the Government can really afford £3m/£4m in tax cuts to end up the year with £1½m deficit. That is something which the Government have to explain because if they didn't do it and this was the point made by my colleague, the Leader of the Opposition, yesterday, if they didn't do it in 1984, if they didn't do it in 1985, if they didn't do it in 1986, well, they did it in 1986, but they haven't done it in subsequent years, why is it that this year we are giving away £3m/£4m and end up with £1.5m deficit? The reality is that behind it all the Government know very well that by the end of 1987/88 they will probably be getting quite a substantial amount of additional money than they estimated for under page 8 in the summary of revenue. Mr Speaker, I would now like to go on to the comments made in the statement of the Hon and Learned Chief Minister yesterday. I do agree with the comments made by Mr Canepa that it doesn't matter who writes your speeches or whether you write speeches or you speak off the cuff, the only thing that matters is that you mean what you say and that the subject reflects what you have to say about it. There are some like myself who prefer to speak off the cuff, others prefer to have copious notes but the reality is that what we cannot get away from is the fact that what he said must reflect what the person wants to put across. The Chief Minister said: "The formulation of a Budget is not solely an exercise in financial reconciliation and discipline, it goes much further. It is an exercise in the management of resources to create and distribute income and wealth", etc, obviously referring to, which is something now that everybody wants to jump on the bandwagon. Everybody criticised the fact that we have an economic plan and don't say to people what the economic plan is. Obviously, democracy in reverse because I would like anybody to

tell me what prospective Government or what Opposition party give away all their secrets before they enter and say to people how things are going to be done. What they do is they give out the general principles of their policies. How those principles are going to be implemented is something that the Government do not reveal until they become Government and come here. In fact, in today's session, in the Finance Bill, this is when the Government gives away the secret of its economic plan, in the Finance Bill. They don't do it when they are in Opposition. And it surprises me to see a person like Mr Canepa who I respect, who delves in politics because he does mention people like Atlee and people like that who have been uppermost in politics and who says that Mr Bossano has never revealed himself in his G-string. Well, we might not, as a party, have ever revealed but we have said much more than the AACR ever have because if I remember correctly in the last election we went to an election with a series of policies. We intend to go much further this time round but if I can remember correctly all that the AACR went round saying was 'If you want Hassan vote for the eight'. In fact, that is the same message that the Hon Doctor mentioned on television when he showed the picture of the Hon and Learned Chief Minister when he said 'Would you not have a person like this leading the Government?' I have nothing against the Hon and Learned Chief Minister, he might have won the election but the reality is that at no time did Dr Valarino, Mr Perez, Mr Mascarenhas or anybody defend Governmental policies. I did not see the political broadcast by Mr Perez because I also was watching Real Madrid but I did tape him and it is surprising that the Hon Mr Perez has not spoken on the Finance Bill because he seemed to be giving the audience a measure of this strip tease effect, he seemed to be taking his stockings off and he said 'you will see what we have in stock for housing when the Budget comes'. Well, the Budget is here and there is nothing for medical services and there is nothing for housing. The reality is, Mr Speaker, that when the Hon and Learned Chief Minister spoke about that he spoke about, obviously, an economic plan. The Hon Mr Canepa called it objectives. Well, it is one and the same thing, whether it is called an economic plan, it is called objectives or it is called your policies or whatever, the reality is that the Government have as a duty, we think and now the Government think because over the past two years they have been mentioning it, to come to this House and give us an insight as to what that policy is, as to what that economic plan is or as to what those objectives are. In two of their main pillars, if we remember in the 1984 election they had two pillars: tourism and Gibraltar Shiprepair. Two of those areas they have mentioned, in passing, and they have not said what their policies are. The Hon Mr Zammit, Minister for Tourism, got up to intervene in the Finance Bill and I honestly thought he was going to say something about tourism.

HON H J ZAMMITT:

Mr Speaker, if the Hon Member will give way.

HON J E PILCHER:

I will not give way because I remember we had the same argument last year. I remember what Mr Canepa said 'this is part of the Appropriation Bill or part of the Finance Bill'. The reality is that the Chief Minister and Mr Canepa and the Financial and Development Secretary have mentioned, en passant, tourism, GSL and the finance centre. At no time have they given us what is going to be the policies of the Government on either of those. If I may refer to tourism. The tourist industry had a better year in 1986 than in 1985, visitor arrivals totalled 2.8m, a very, very rosy picture indeed but the question which if the Minister is going to handle in the Appropriation Bill, well, so be it, at least I will then have a chance of hearing it and then I will have a chance, hopefully, of answering him. The reality is that there is a difference and there always has been a difference in our minds and I think I have expounded this on various occasions, there is a difference to us between tourism and the tourist market and the excursionists and the excursionist market. There are, to my mind, two different things. The Government themselves in 1984 when they commissioned the Pitaluga Report were in fact thinking of expanding tourism with a closed frontier and although many of the experts said that it was very difficult to do so, we can go through the Pitaluga Report but it is there, Mr Pitaluga expounded and the Government expounded the idea that we could have an expansion of tourism even with a closed frontier. It never happened in 1984, it never happened in 1985, the frontier opened in 1985, we run through 1986, we run through 1987 and after a series of endless Committees we still are no nearer solving the problem of tourism as we were in 1984. The reality is that the only difference is the difference that today there is an open frontier and people are coming in despite the Government, as my Hon Colleague said. But the reality is that even if there were no Government people would still be coming in, that is the reality, whether there is a Government or a City Council or whatever, tourists would be coming in. The other aspect, the aspect of excursionists, the Minister himself said that only 10% of those visit St Michael's Cave and visit the other sites. Is the Government concentrating on that area? What are the Government doing as regards the excursionists and the arguments which I think were, in fact, mentioned by my Hon Colleague, Mr Feetham, this morning as regards the shopping centre which is again one of the tiers of this tourist expansion, excursionists, shopping centre and the tourists. As far as I am concerned I have been here in the House

nearly four years and I don't honestly know what is the Government policy on tourism. Are we going one way, are we going the other? Is our frontal attack on tourism and trying to get people to come here on a two-centre holiday? Is our frontal attack on the excursionists, is our frontal attack on making Gibraltar a shopping centre? We all know the situation explained by Mr Feetham this morning. There is nothing to show that in this year's Budget the Government is taking either one or another road, the only thing that we have and which we will discuss in the Appropriation Bill is the fact that a certain amount of money is going to be spent in different areas of Gibraltar: St Michael's Cave, the nature reserve which is again another red herring because the Minister must be aware that I wrote to him trying to find out what the nature reserve was and he said to me that the only thing on the Budget, the expense this year would be to do a feasibility study: "The main project envisages the consolidation of three major sites into tourist interest. This would also include Lower St Michael's Cave, provision is being made in the Estimates for a survey of the area by local experts. The study will look into the best possible ways of exploiting" - so that is still in the study stage. It is not a criticism, it is that this is still in the study stage.

HON H J ZAMMITT:

The Hon Member did not write to me.

HON J E PILCHER:

I wrote to the Minister because he was the one that announced it in the House so I wrote to the person who announced it in the House.

MR SPEAKER:

Order, if he gives way to you most certainly, not otherwise.

HON J E PILCHER:

It is economic development and I sent it to the Minister for Economic Development, in fact, the Minister mentions 'Horace Zammitt also informs me that consideration is being given', so obviously it doesn't really matter, I write to the Government, it doesn't really matter which Minister it is although it does on that side of the House. Therefore, there are no moves at all, as far as I am aware, to go one way or the other. Again, I have to refer to the Hon and Learned Chief Minister when he says, in fact, I cannot find it, but he did say that in large measure this was due to the opening of the frontier or words to that effect. The reality is not in large measure, it is totally as a result of

the opening of the frontier. The result is that in 1984 we had the worst ever tourist year and the only thing that picked it up in 1985 was the opening of the frontier and it has been picking up ever since. One thing that does up to a point, because it does tend to show the - perhaps inefficiency is too strong a word - at the bottom of page 2: "In large measure this is attributable to frontier normalisation which has enabled the private sector", what I am saying is that as far as I am concerned it is totally because of that. One thing that I am worried about because, as I say, it shows perhaps not the inefficiency of the Government but certainly the way the Government do things. In his explanation the Financial and Development Secretary, he was referring to developments at Queensway, Rosia, Catalan Bay etc. Then he says: "There is some doubt about figures of hotel occupancy. During 1986 these are thought to range from 49% to 52%, similar to those for 1985" which tend to show that the tourist boom has not affected the hotels. This is what the figures tend to show. He then says: "However, these figures are imperfect as an indication of full, half-full or empty hotels. There is a hidden figure of unfilled double beds or unfilled rooms. In short, information about demand does not suggest that there is a genuine 50% spare capacity and current hotel developments do not suggest that either. The availability of data on room occupancy in the near future will be helpful". But, surely, is that not putting the cart before the horse? Should we not have found the proper information on hotel and room occupancy before we started giving out licences for people to build hotels? I am sure and I do not doubt what the Financial and Development Secretary says that there is a genuine 50% capacity and current hotel developments do not suggest that, but we have never ever studied to see or looked at a way of assessing whether or not the hotels who still maintain that they cannot fill the hotels, whether it is true or not because if it is what will happen when we have Rosia Bay development, the Queensway development and, perhaps, the Catalan Bay development? What will happen when we plough into the economy so many hundreds of hotel beds? Have we not thought about that, in a situation where - as we spoke about this morning - the hotels at Queensway, for example, will be in a better position to trade than those existing already because of development aid and because they will have virtually what has been termed by that side of the House 'a tax free holiday'. I don't understand how the Government can take those steps. I know that development is important but what we don't want is what we are doing with one hand to be stifling what we are doing with the other. In these figures the Government has not proved to us that there is a need to have more hotel beds in the economy of Gibraltar. In fact, when I asked the Minister for Tourism in, I think it was, October and in November last year, he said he didn't know. He didn't know what the figures were, he didn't know how many excursionists we have

had from sea, from land because these are figures kept in the Statistics Office and all he could give me was virtually the conservative estimate of £26m expenditure, and what he assumed had been the amount of people that had come into Gibraltar. This is important, Mr Speaker, it is important because you cannot say that you are looking at objectives, you cannot say that you have an economic plan and then reveal that you don't have one. What you are doing is you are meeting situations on a crisis basis. Somebody comes to you and says: 'I am trying to look for hotel beds that don't exist'. Right, you give out more licences. When you have given out the licences and hotels are built they come back and say 'Now we cannot fill the hotel'. What do we do? We go back to the situation where we used to give them tax relief and rent relief and whatever in order to keep the hotels going so that we don't have an unemployment situation? We cannot run an economy this way, Mr Speaker. We move on to air traffic. I think, again, here there is an anomaly in air traffic. "Figures of air traffic do not suffer from similar imperfections. There was a further increase in arrivals by air which were 90,000 compared with 74,000 in 1985". I am not an economist and therefore I can delve in mathematics which is the point that Mr Canepa made the other day, that economists cannot delve in mathematics, I as a pupil of Mr Canepa in mathematics, I think I can delve in mathematics and 90,000 minus 74,000 makes 16,000, am I correct? If you look at page 9: "Gibraltar estimates - revenue: airport departure tax, 1985/86 - £69,000; 1986/87 - £135,000". There was a shift from £1 departure tax to £2 departure tax so, obviously, the £69,000 if doubled would make it round about £135,000. Where are the 16,000 extra people that came last year? And where have they budgeted for 1987/88 where it is only shown as an extra £30,000? Do we not expect there to be a major increase or is it that the Financial and Development Secretary can say one thing in his speech and then that is not reflected in the Accounts. Remember, that we might be wrong but we can only work with the accounts that the Government present to us which is the point that I was making before. There is another point that I want to make because referring to air traffic, he said: "In-transit visitors to Spain increased by almost 50% from 15,000 to 22,000" which makes it an increase of 7,000 from one year to the other so there is a substantial amount of in-transit traffic but it is also a substantial amount of increase in traffic coming to Gibraltar because if from 16,000 you take away 7,000 you are left with 9,000. Were the hotels able to cope with those 9,000 extra that came to Gibraltar or were they not able to cope? These are things that the Government is not telling us. They say they are going to build more hotels, development is necessary, more hotels. Were the hotels able to cope with the 9,000 extra, if so, how many more thousand can come before our hotels cannot cope? How many hotel beds does that mean for the future? These kind of equations, as far

as I am aware, are not made by the Government and then they talk of economic planning, well, it doesn't make sense from this side of the House. We move to Port activity and it is only a minor point because I would have liked to have known whether there was an increase in liners calling at Gibraltar because there has been a 30p to 50p increase in passenger sea arrivals and I would like to know what is behind that move. Is it that we are increasing our liner activity in Gibraltar and, if so, what is Government policy on that? Is it just to put up 20p or are we once and for all going to fix up and finish the Port development? It is now, if I remember correctly, some six year's ago or five year's ago when we moved the Cold Stores down at Waterport because we were going to do all these new things for liners. Well, as far as I am aware and I have been there of late, it is still the same. What is the Government policy on that aspect of tourism, liners coming into Gibraltar? Gibrepair, my favourite topic. I do not want to either, as the Chief Minister said, I do not want to revive a debate on this matter today because I think a lot has been said about Gibrepair and I think it is, honestly, time to sit back from the Opposition side and see what it is that the Government are going to do but this is precisely what we want to know. The Hon Financial Secretary, in passing, I think, just mentioned the fact - "I do not propose to say a lot about Gibrepair because a lot has already been said during recent debates. Gibrepair and the Hotel Industry are both labour intensive industries which are vulnerable to the effects of a high wage cost economy and the price of services". Certainly, as far as the public is concerned, a very neat and packaged phrase which doesn't say anything at all because it doesn't mean anything at all. The Hon and Learned Chief Minister then said: "I do not intend to revive a debate on the matter today but it is important that I should repeat the message that both management and the workforce" - and he went on again to talk about the industrial relations of Gibrepair which on both sides of the House we feel it is important. But where are the objectives or the policies or the economic plan of the Government as regards Gibrepair?

HON CHIEF MINISTER:

In Hansard.

HON J E PILCHER:

Mr Speaker, the Government have been sitting on the Price Waterhouse Report which makes certain recommendations or which mentions certain avenues that the Government could take: lowering of employment to bring it to a lower situation. I don't have to mention them, we have, in fact, discussed it a month ago in the House.

HON CHIEF MINISTER:

If the Hon Member will give way for the sake of avoiding repetition. I think apart from the fact that you don't mention it, by omission it could be significant so you have to mention it, you just make a very brief statement. But in fairness to the Price Waterhouse Report, a reference, my colleague this morning said: "We hope that the recommendations are being implemented" and so on, he said that in his contribution.

HON J E PILCHER:

Mr Speaker, that is the difference and it has always been the difference and apparently it will continue to be the difference between the governing party and ourselves. We do not believe that it is up to the company to implement or not to implement the Price Waterhouse recommendations. We believe it is up to the Government as the 100% owners of the yard to give a directive to the Board of the company. That is our opinion and that is part of the economic plan of the GSLP and of the objectives which supposedly are part of the Government party. We are and, in fact, again we will discuss this when we come to the Appropriation Bill, we are going to give £1m, another £1m to Gibrepair and we - I will not pre-empt what I am going to say in the Appropriation Bill - but we would like to know what are the objectives of the Government, what is the policy of the Government as regards Gibrepair? Do we just all sit back and wait for it to collapse again only to give it another £2m or another £3m or another £10m? The Government have to say once and for all what is their position and what they will insist that their Board does with the company for the future because it is very worrying, Mr Speaker. As I said before I do not mind who writes the speeches but I mind what it says because perhaps I read too much into things but if I can just read you a piece of a contribution of the Hon and Learned Chief Minister as regards Gibraltar Shiprepair Limited, it might not mean anything but certainly the way it is written it is a departure of what has always been uppermost in our minds. He said: "This spirit of consensus is vital if Gibraltar Shiprepair Limited is to continue making an important contribution to the stability and development of the economy. As I explained last year, the Government sees that contribution as complementary in packaging the role of Gibraltar as a centre for shipping". What is it that GSL is now a complement for shipping. I thought that Gibraltar was going to be a Shiprepairing Centre and all the other things were complementary to that shiprepair centre. The pillar of the economy, and the registry, and the berthing and the bunkering, that was going to be complementary to GSL. And I am worried, as I say, perhaps I read too much into things but I am worried to see the contrary - "the Government sees

that contribution as complementary in packaging the role of Gibraltar as a centre for shipping together with bunkering and other Port activities". The Naval Dockyard goes, Gibrepair comes in and that is the pillar of the Gibraltar economy, according to the AACR not according to the GSLP, and anything else is complementary to that. I dare say that perhaps we will not get from the Government their policies and their objectives and their plans as regards GSL because there is a difference but at least I would like that cleared when it comes to the point that there is not a shift in emphasis now but perhaps a shift in.....

HON CHIEF MINISTER:

If the Hon Member will give way because I don't propose in my reply to deal with Gibrepair. It makes sense that if you have a shiprepair yard that is working well, you stimulate the question of registration of ships, if bunkering goes up Gibraltar is a shipping centre with all the requirements. A place where to repair, a place where to bunker, a place where to register, that is what it means, there is no ulterior motive. It is just a combination of things that adds up to each of the separate assets together.

HON J E PILCHER:

Fine, Mr Speaker, I am glad for that because, as I say, I was a bit worried that we were now shifting our emphasis from.....

HON CHIEF MINISTER:

You are being suspicious.

HON J E PILCHER:

No, I am not suspicious because in a couple of weeks time we could hear that the fourth pillar of the Gibraltar economy is bunkering, that is the way that the Government works.

HON CHIEF MINISTER:

It may be funny now but if it isn't true you will forget about it.

HON J E PILCHER:

I am not trying to be funny, Mr Speaker, I am just quoting what to us appears on this side of the House. The finance centre activity starts to make a profit and show in the economy and create employment and the AACR are there

and say that is the third pillar. It is not a joke, on the contrary, it is not a joke. We are very, very serious on this side of the House when we refer to the lack of economic planning by the Government, it's no joke, believe you me. I would also like to make a comment on the comments made by the Hon Mr Canepa who is not in the House at the moment. He was referring and I think the Hon Financial and Development Secretary as well, when my colleague Mr Perez said that Gibraltar was second only to Sweden as far as income tax was concerned, that is a statement of fact. We are talking obviously about personal taxation, personal allowances and whether the Government like it or not it is a statement of fact. I cannot agree that we should then use either the equation used by the Financial and Development Secretary or equations used on that side of the House because you cannot take, I mean you take personal taxation and compare it with personal taxation somewhere else. You can take social insurance contributions here and compare them with social contributions in the United Kingdom. What you cannot do is join two elements because it suits you to join them and forget about everything else. I could make the same kind of equations made by the Financial and Development Secretary but, put in it electricity, water and rates, for example, which would, I am sure, bring down that average wage that the Hon Financial and Development Secretary is referring to because I happen to work with a lot of UK based civilians who pay electricity at the rate paid in UK and I can say that their quarterly bill is nearly three times less than my monthly bill. They are paying for a quarter what I am paying for a month, more or less. You cannot just compare because it suits your social insurance. Social insurance contributions, I won't repeat what the Hon Leader of the Opposition said, but the things that you get back because of your social contributions in UK are much, much greater than what you get here. Mind you, I am not criticising the social insurance system in Gibraltar but we cannot compare it with that of the UK where you get a host of things, a lot of things which do not apply to Gibraltar and therefore you cannot compare like with like. Therefore I just cannot agree that you can make a comparison, the comparison that you want without taking into account charges for municipal services, benefits, standards of living and we can do an equation like we did with parity. The Government was saying at that stage, if I remember, 'No, parity won't work' and at that stage we or the unions were saying: 'Parity will work'. That was the kind of equation that was done then. Today it is a statement of fact that Gibraltar as far as personal taxation was only second to Sweden in Europe and that is a statement of fact. The point about Mr Canepa being senile which I mentioned, I think it was in 1984 and the Hon Mr Zammit reminded me of it today. I will not today say whether I believe him to be senile or not but I certainly believe that Mr Zammit is now senile because when I said it in 1984 and, in fact, it has been agreed by the Hon

Mr Canepa today. He said himself in 1984 that he was a frustrated Minister for Economic Development and he has said today exactly what I said in 1984. He has said today here in this House, if the frontier hadn't opened perhaps some or all of those projects wouldn't have taken off the ground. When I said it in 1984 the frontier was closed and at that stage it was very, very difficult even with development aid and even with a lot of things that we were trying, it was very, very difficult to get it off the ground. And it was in that context that I said it in 1984, not that I am inconsistent today because, in any case, half of the things that Mr Canepa was saying then in 1984 haven't still materialised. The Command Education Centre is on the way but a lot of things haven't materialised—yet so I wasn't too far off in saying in 1984 that with a closed frontier they perhaps would never have materialised. It was in a different context that I said it then and it is not that I am inconsistent but that if things change, a major change like the opening of the frontier then situations change as can be seen from tourism. I was also very, very glad to hear the lecture of the Hon Mr Canepa. It seemed to me that instead of being a contribution on the Finance Bill it was one of his lectures that he gave me at school of how to get into Government because this is what he was saying to us.....

HON A J CANEPA:

Gratuitous.

HON J E PILCHER:

Gratuitous. How we should get into Government and he was giving us certain tips of how to get into Government. I have to tell the Hon Mr Canepa that though we appreciate the tips we know how to get into Government as he will, indeed, find out in the next couple of months. I don't think I have left anything out. I think Mr Mascarenhas was a bit unfair when he said that we had made an unfair comment and that he didn't expect otherwise from us. I think since we have been here since 1984 we have had many, many discussions and many, many differences of opinion with Government but one thing that we have certainly done is give credit where credit is due and when we found that the Government was doing something that the Government we thought were right we have gone down that path with the Government and I think it is an unwarranted remark to say that he cannot expect otherwise from the Opposition. What he cannot expect from the Opposition is to say something that we do not agree with. If we don't agree with certain things in the Budget then we say so and we have always said so and our main attack since 1984 as far as the Finance Bill is concerned is the lack of economic planning, the lack of policies, the lack of objectives. The Hon Mr Feetham this morning

was talking about the construction industry. They don't have any plans for the construction industry, do we allow more employment, less employment? I won't go into that because he himself went into it in depth and I think he did a very, very good job of it but the Government do not seem to have. As far as they are concerned in no area of the economy have the Government got any clearcut objective. Perhaps, the only one where they have an objective is in development but then, as I have mentioned, perhaps what is there as the objective for development does not go hand in hand with something else and this is what an overall economic plan is. I am not an economist and I won't preach to Members opposite who have been in the House long before me but that is what we mean from this side of the House. There is one matter that I certainly, I see that I am nearing the hour, I don't want to disappoint Mr Canepa and speak more than he did, but I think one thing that I have always done in this House, I am a fervent believer in the democratic process. I believe in the House of Assembly and I believe in the way that Parliament do things. I have been very upset in this House many a time because of the Government's rushing of the First and Second Readings and Committee Stage and Third Reading of Bills and I have objected very strongly because I believe that the natural process is for the Bill to receive the First and Second Reading, for us to take it away, for the Opposition to be able to look at it, for people to be able to make representations to both Government and the Opposition and that is the democratic process which should be followed. And in the same way as I am upset with that, I am also upset with other things that have been happening this year. I will not go in depth into them because they have already been mentioned by the Leader of the Opposition. Things like pushing rates increases until 1989 which is over the four year term of Government, which brings with it an increase in rents in 1988/89, obviously, things which will obviously materialise in 1988/89 like debt servicing, the end of the MOD assistance, if you like to call it, subsidy of the RFA's in the naval base. I think there is too much of a correlation of things which are being left to 1988/89. I honestly feel that it is not as the Hon Mr Canepa said, it is not the right of a Government to come here and change everything else. If we have that kind of democracy then it wouldn't work because if we got into Government for four years and changed everything and they go back into Government four years later and changed everything, a democracy does not work in that way. The way democracy works is that you believe that the Government are elected for four years and though you might in principle have to change some of the things they did, you accept that for those four years they had a mandate from the people to change certain legislation and to change certain laws, what I cannot agree is that legislation can be changed after the period of four years and I think this is why the Hon Leader of the Opposition was so upset

yesterday and I think the Hon Mr Canepa hit the nail on the head when he said that is what we were becoming upset at, not because they want to change the Development Aid Ordinance because that is entirely up to them in their term of office. What they cannot do is announce today that they are going to change it in June, 1988, because in June, 1988, they might not be there. As the Hon Mr Zammitt said neither of the two parties might be here. In any case, I do not see the need to have brought the Development Aid Ordinance changes with the Finance Bill, why wasn't it brought at an ordinary meeting of the House with ordinary amendments so that it could have been discussed in the normal process?

HON A J CANEPA:

If the Hon Member will give way. It has been the practice, all the amendments that have been made to the Development Ordinance have been seen as part and parcel of the Budget. They are an integral part of the Budget and so they were in 1981, in 1986 and now in 1987. I think it is in conformity with previous practice so that you can take an overall view of the situation.

HON J E PILCHER:

But what you bring in a Budget, whether it is the Appropriation or the Finance Bill, falls within the next twelve months, within one Budget and another. I don't make a comment today, if I were in Government, about a measure that I am going to take in the next twelve months when I might not be there in twelve months time.

HON A J CANEPA:

If the Hon Member will give way. I gave an indication this morning and I think the Government is open to proposals from the other side. We don't feel strongly about the twelve months, it can be six or nine. For the reasons that I explained we wanted to give as much notice as possible but if Hon Members want to, if their preoccupation is that we should not exceed the life of this House, the life of this House has to expire by, at the latest, the 22nd of February, 1988. The House will have to be dissolved in the normal course by the provisions of the Constitution on the 22nd February, four years after the Ceremonial Opening of the House. If that is what is worrying Hon Members we are quite amenable to saying that the Development Aid Ordinance, that these provisions will come into effect on the 1st January, the 1st February, we don't feel strongly about that.

HON J E PILCHER:

That was the point that was being made yesterday by the Leader of the Opposition. The fact that if it is Government's intention to curtail certain things under the Development Aid Ordinance then they should do it within their time as Government of Gibraltar. Although we too to a point share in the point made that people have already been making certain calculations and costings with that and that, for example, perhaps in some of the cases it is not possible now to go back to them and say: 'It is finished as from now', the time factor should be such that it must be seen that it is a Government policy which is implemented as soon as it can be implemented and not to allow or leave a loophole. I accept what the Hon Mr Canepa has said and he said this morning that sometimes he does things in all good faith and that we read things into them that are not meant to be there. Well, he has to make sure that in so doing he doesn't leave any loopholes for people who have not notified that they have got certain projects to suddenly come running in and bring those projects. That has to be quite clear and if the Government bring down the period to well within their term of office then I am sure we will look at it favourably when the time comes in Committee Stage.

HON CHIEF MINISTER:

I think the wrong interpretation has been given.

HON J E PILCHER:

It might be the wrong interpretation but we do not want to leave anything to chance, Mr Speaker. It is better to stand up here and say something even though the interpretation is wrong, than not to say it because the interpretation is right and then to find out later that it is not the interpretation that we gave on it. That, basically, Mr Speaker, is all that I have to say on the general principles of the Bill other than to say that I am disappointed at the Government because I am disappointed at their record because they have been saying to the people of Gibraltar 'there is a boom, everything is alright, everything is rosy, the Opposition are prophets of doom'. The accounts do not prove that. The accounts prove not that we are prophets of doom but that we are working with reality and we have both feet firmly on the ground and it is the Government who have created the boom psychology in the people of Gibraltar and they are to blame for that, Mr Speaker. Thank you.

HON J B PEREZ:

Mr Speaker, I must confess I didn't really intend to make a contribution on the Finance Bill but I think Mr Pilcher has more or less expressed that he would be disappointed if he didn't hear what I had to say, particularly after he missed the electoral broadcast which I gave last Thursday, he was watching the football on the other channel so in order not to disappoint the Hon Mr Pilcher, I think I would like to, with your indulgence, say a few words in support of the Finance Bill at present before the House. Mr Speaker, my Hon Colleague Mr Canepa in his contribution on the Bill drew a comparison between Mr Bossano and a strip tease artist to the effect that Mr Bossano seems to be, particularly in the last year when there were so many rumours of a General Election, whereby Mr Bossano was going with the Chamber of Commerce and taking a glove off, with the unions taking a stocking off, with the Finance Centre Group also taking other items of clothing except that Mr Canepa says that he has not yet revealed himself completely or with a G-string. What I would like to say, talking on the same basis of undressing, is that what I honestly think has happened to the Hon Mr Bossano and, in fact, to the GSLP as a whole is that in the last two years they really have been caught with their pants down and perhaps in the case of.....

HON J BOSSANO:

With a G-string.

HON J B PEREZ:

No, you have been caught with your pants down and, perhaps in the case of the Hon Miss Montegriffo, she has been caught with her knickers down. Why do I say that? Well, quite simply, since the last General Election of 1984 the GSLP and, in particular, Mr Bossano, they have been prophets of doom and I will claim originality for those words because I used those words three years ago in a political broadcast just before the Budget and I have kept on using the same phraseology for the last two years. So it is not Mr Mascarenhas or Mr Zammit who were accused of using the words 'the prophets of doom', it was I who did it. Quite simply, in 1984 at the last General Election you had the Hon Mr Bossano and his party saying how badly the economy was, Gibraltar was in a state of bankruptcy, Dockyard closure was a total catastrophe, the AACR's plan, the AACR's policy on what the only possible alternative was to a closed Dockyard was a disaster for Gibraltar, they expected the British Government to give them the money and they would do what they thought would be the best thing for Gibraltar except, Mr Speaker, that they never told us or the electorate what they would have done with the money. The Dockyard closure meant certain

bankruptcy for Gibraltar. The frontier opening was also a disaster and a catastrophe for Gibraltar. All Gibraltarians, we were going to lose our jobs, we had petitions signed, traders would not sell, we were going to be invaded by I don't know how many millions and millions of unemployed Spaniards and millions of traders in Spain. We were going to be engulfed, there was going to be - I think the word was 'osmosis' - we were going to be taken over completely and this was a total disaster or so Mr Bossano and the GSLP told the electorate and have been telling the public and continue to tell the public even today when the facts say completely otherwise, they carry on telling the public how badly the economy is doing. Why are they doing that? Why are they still telling the Gibraltarians that the management of Gibraltar's economy is terrible by the AACR when all the figures, both the tourism figures, the economic figures I don't see why the Hon Leader of the Opposition smiles.

HON J BOSSANO:

Is the Hon Member taking the credit for the two and a half million people coming across?

HON CHIEF MINISTER:

If we had done what you wanted they wouldn't be there.

HON J BOSSANO:

And a year later.

HON J B PEREZ:

That is, it is as Mr Pilcher said at the end of his contribution, that he was disappointed by our record and they were the ones who were realistic, that they looked at reality. I am sorry to say, Mr Speaker, that that is sheer and utter nonsense by Mr Pilcher. They are not being realistic at all. They are just playing to the gallery - today we only have a few people but, of course, the House is being broadcast but who are they really trying to fool, Mr Speaker, by expecting the people of Gibraltar to believe that the economy is doing very badly, that the AACR's plan and economic policies are not working, who are they trying to kid? In the last two years they have been caught with their pants down. That is the truth, that is being realistic, Mr Speaker. That is being realistic, look at the figures. They don't like Mr Pitaluga, they don't like Mr Brian Traynor, I don't know. Any Government employee who comes up with facts and figures and statistics which tend to be different to what would suit the Hon Leader of the Opposition, that person is pro-AACR, Mr Speaker, he would be used by Mr Bossano either to make his tea or his cup of coffee. That is not being realistic,

Mr Speaker. We have many civil servants in the Economic Planning and Statistics Office who bring out all these figures. What are they saying that we are cooking the figures to suit us? On the general economy for the last two years, in fact, since 1984, again they have been telling the people outside: 'Look how badly the economy is doing, disaster for Gibraltar'. That isn't true, Mr Speaker. When Budget time comes and the figures are available, the Employment Survey which came out, you see the number of new jobs that have been created, you see how well the economy is doing, you see the growth which, okay, I think it has been estimated at 6% not as high as perhaps one would have liked them to be but I think the prospects, the foundation has been laid by the AACR's plan and economic policies. That is the reality. Gibraltar has gone through many difficult years, years in which the AACR has had to enact legislation which has been unpopular and which has lost votes but the AACR has been here and we continue to be here, Mr Speaker, for the good and for the bad. What is happening today and what has been happening in the last two and a half years is that now Gibraltar is reaping the benefit of having had successive AACR Governments, that is the reality, Mr Speaker. Nobody can deny, Mr Speaker, that the economy is picking up. I don't see how some of the Members of the Opposition with tongue in cheek are saying that the economy is not picking up, I think that is pure nonsense. What is happening, quite frankly, is that the GSLP's viewpoint, what they have been promulgating since 1984 from the time they fought the General Election is that the economy has been mismanaged and they can do better or Mr Bossano who is the Almighty has all the answers to Gibraltar's economic ills. That is what they have been doing since 1984. But they have been doing it very conveniently and with words, Mr Speaker, because we have yet to see, we have yet to be told what it is that they would do or what they would propose to do if they were in Government. We haven't been told that. We were not even told in 1984 during the last General Election what they would have done if they had got the funds that we were able to obtain from the British Government. The electorate was not even told that, we don't even know today after we have nearly finished the Second Reading of the Finance Bill. I have not heard, Mr Speaker, a single Member of that side of the House telling Gibraltar as a whole what plan they have. What is it that they would do? Where is it that we are going wrong? At least we are telling the public: "Look, this is our philosophy, these are the pillars of the economy as we see them" - I know they have made a sort of song and dance about the word 'pillar' but it is true, we have made it public. 'The pillars of the economy are these, this is our reaction, this is our plan, this is our policy' and we stand or we fall by that. But the Opposition have it very easy, Mr Speaker, they have it very easy. They don't announce a plan, they don't say anything, they just come to this House, I have heard the words policy and plan mentioned I don't know how many times, I wonder if they know what

the meaning of the words 'economic plan' and 'economic policies' really is because that is not the impression that I got, Mr Speaker. They used the words a lot, the policies and plans and plans and policies but I don't know what they mean, quite frankly. The finance centre, the Hon and Learned the Chief Minister asked Mr Bossano in his contribution what was the meaning of the finance centre, he didn't have a clue, Mr Speaker, he didn't know what he was talking about and yet he is the man who has all the answers for Gibraltar, all the answers, all these secret economic plans and secret policies which will cure all our ills. Well, I think, Mr Speaker, the truth of the matter is that the AACR doesn't just play with words as the GSLP in Opposition can very conveniently and very easily do, play with words. We translate words into action, Mr Speaker, yes, they may laugh, but I think the public should look at the last two Budgets, last year and this one, don't look at them in isolation and I am sure the public will realise that they can look forward and with confidence to a good future for Gibraltar, to better prosperity with AACR Governments and not the GSLP.

HON R MOR:

Mr Speaker, I have a confession to make as well. I also missed the party political broadcast by the Hon Member and if the broadcast was anything like his presentation just now I am glad I missed it. But I think there is a lesson to be learnt, Mr Speaker, if the AACR organise our economy in the same way as they organise their party political broadcasts then I think we are in trouble. Who else but the AACR would organise a political broadcast to coincide with Real Madrid playing, I don't know. If I may refer to the general policies of the Government, Mr Speaker, we have been hearing a lot lately of how well Gibraltar is doing economically, we have been told of how well the tourist industry is doing, we have millions of tourists coming, they are spending millions of pounds, St Michael's Cave and the Upper Galleries and all the other tourism attractions are having a boom and a lot of money is being spent in our shops. The building construction and the building industry are doing well, employment figures are up so, Mr Speaker, we find that all of a sudden Gibraltar has become a paradise. Of course, that this should happen all of a sudden and that it should happen in election year is purely coincidental, Mr Speaker. All this has been brought about by the sound economic planning, the efficiency and dedication of the Government Ministers. Obviously, Mr Speaker, this is what they would have us believe because I think the Government must believe that the Gibraltarian people can be brainwashed into believing anything they say but the reality of the situation is that the people cannot be so easily misled. In this respect little things count and it is small things which make people suspicious. For example, people must be wondering

how is it that during all the years of economic siege when the Tourist Office was making little or no money at all, it was able to send Miss Gibraltar to compete in other beauty contests apart from the Miss World Contest and yet despite the fact the Government is now saying how well the Tourist Office is doing and that we have a tourist boom and all the rest of it, that the present Miss Gibraltar is not attending the Miss Universe Contest because the Government cannot afford to send her. Mr Speaker, it is shameful since the present Miss Gibraltar, perhaps one of the best contestants that Gibraltar has ever provided and it is truly incredible, Mr Speaker, and only confirms what the Government is doing now, in fact, it is doing a public relations exercise with a view to the next elections. As to the traders doing so well, again, Mr Speaker, people must be wondering why it is that the Government has not accepted the recommendations of the Conditions of Employment Board and although the Hon Minister for Economic Development and Trade explained this morning he didn't want to give parity plus, well does that mean then that the traders or business people can be allowed to make as much as they like and to still maintain the standard of the employees at parity level even if it is possible to go beyond that? Mr Speaker, again I think it is, indeed, shameful that the Government should be taking that line. But according to one of the recent party political broadcasts on television the secret for the success of the AACR is that they provide a broad front. I thought for a moment they were going to say they provided a broad left but that would have been quite a shock to this side of the House. What they meant was that they represent a cross section of our community. Mr Speaker, I would definitely be very interested to know who on that side of the House represents the shop assistants or, indeed, the lower paid workers. The truth is that the Government is not really interested at all in the welfare of shop assistants nor, in fact, are they interested in the welfare of the lower paid workers, at least not until the year when elections are taking place and it is only then that they will make all the promises they can come up with and then when they get back in office they forget about everything until the next election year. It is well known, Mr Speaker, where the Government's real interests lie. As I have just said, the Government rejected the recommendations of the Conditions of Employment Board. Mr Speaker, who are Government protecting by this action? Quite obviously, Mr Speaker, in this case the trader is being protected and obviously the traders must have complained that the recommended wages are too high despite the fact and according to the Government traders are making lots of money as a result of the frontier opening. But, Mr Speaker, the traders also complain not only about direct wages, not only about direct wages but also about the exceedingly high overhead costs. The traders also complain about electricity, they complain about bank charges, about rate charges and about transport charges but above all, Mr Speaker, they complain about

the rents they have to pay. What protection does the Government offer traders in this respect? How does the Government protect the traders against the exorbitant rents that traders have to meet? No, Mr Speaker, the Government will protect the traders against the shop assistants but not against landlords because, Mr Speaker, landlords would appear to exert considerable pressures on that side of the House. You will no doubt recall, Mr Speaker, how this Opposition has attempted to bring amendments to the Landlord and Tenant Ordinance to try and introduce some sort of control on rents charged by private landlords and they have always been defeated by Government majority. Because, Mr Speaker, this Government has created a paradise in Gibraltar but not a land paradise to be enjoyed by all sections of our community, but a landlords' paradise. Mr Speaker, Gibraltar has become a landlords' paradise because of the policies of this Government and this is one of the greatest dangers that Gibraltar has to face today. The indiscriminate increases in rents applied by the money-grabbing landlords of Gibraltar under the passiveness and, indeed, with the blessing of this Government will eventually lead to many of our traders being forced out of business and their premises will be let to outsiders who can afford to pay them much more. A similar situation exists as regards private housing as well, Mr Speaker. Because of the acute shortage of Government housing the only other alternative for any Gibraltarian couple is to start to find or seek private accommodation but because the rents are totally out of their reach they then find no alternative but to seek accommodation in Spain. Mr Speaker, we may well find that future generations of Gibraltarians will be commuting to Gibraltar from Spain whilst Gibraltar will be populated by non-Gibraltarians and we are all, of course, familiar with the political implications this may bring about when deciding any constitutional changes for Gibraltar. It is sad, Mr Speaker, and I believe it is deplorable that the policy of the Government should be so stubbornly set in protecting the interests of very few at the expense of the misfortune of the very many who require accommodation. Thank you, Mr Speaker.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I know you are usually very lenient on what we speak about during Budget time. I would like to be consistent and start the way I started last year when I talked on defence, on productivity and on the action over Libya by the United States, I think I started that way.

HON J C PEREZ:

That was on the Appropriation Bill, if I remember.

HON MAJOR F J DELLIPIANI:

But let me say that I try to be consistent but, of course, I don't think consistency is a virtue. You can be consistently wrong and I hope in the case of defence I will be proved wrong forever but I still insist that British policy on the defence of Gibraltar is totally wrong because it is based on the assumption that the airfield will still be of use for the defence of Gibraltar and the first thing that is going to go up in any move against Gibraltar will be the airfield.

HON CHIEF MINISTER:

You had better tell the Minister for Tourism.

HON MAJOR F J DELLIPIANI:

I am consistent on that and I wish to be proved wrong forever. On the question of the Libyan affair, I expressed sympathy with the American people. I don't know whether it is because it scared them off from going to Europe or a combination of both, but there have hardly been any attacks on American citizens this year. However, I am extremely disappointed at the way the Americans have, and I mean the President and his staff, have played the question of the hostages in Iran and in Lebanon when they have been consistently saying that they will not negotiate with terrorism so that I think it is the right attitude to take as a Government but as a human person I think it is wrong. Of course, if you negotiate with terrorists it is never ending and here we have behind the backs of everybody a Government that was secretly negotiating with Iran with arms. I find it incredible. Just the way I had sympathy last year I find that situation incredible and I find the situation in Nicaragua even more incredible because they are not going to win.

HON CHIEF MINISTER:

I think you ought to ask Khomeini to resign.

HON MAJOR F J DELLIPIANI:

On the question of productivity, again I must be wrong.

HON J E PILCHER:

Productivity in Nicaragua?

HON MAJOR F J DELLIPIANI:

Because productivity in Gibraltar must be fantastic. I have been researching dismissal cases on all Government Departments and I have been unable to find either a clerk, a labourer, a craftsman, an engineer, a teacher, or any grade who has been dismissed for not producing so obviously why must I worry about productivity? We must have the highest productivity rate in the whole of the world as a Government. I would like to mention a point that the Hon Mr Feetham mentioned on the construction labour force and the worries that he has of the future. Let me say that I share that worry too but that doesn't make me think on the question of the Development Aid Ordinance. Let me assure Hon Members opposite that when we thought up this question of a year's extension we hadn't given it the interpretation that the Hon Member has given to it. We thought, and this is the way I thought and I think I am honest enough that I am saying what I thought, we thought that it would be too drastic to cut it off all of a sudden when there were people who had ideas and were coming forward with these ideas for the good of themselves and of Gibraltar. We thought and I thought that it would be a bit harsh to say: "Your idea is too late, off". We said: "Well, we will extend it for a year". But it has made me think now, the question of the construction industry, and it is very hard to gauge whether if we took this Development Aid completely off in a year's time or now, whether that would have effect in the building programme or the development programme of the future and then the reality would be that the labour force would be very, very big indeed. It is very hard to gauge because you could say: "Well, because there is no development programme they have only invested £1m. If there had been a Development Aid Ordinance they would have invested £10m". It is a very difficult thing to be able to look into the future but I am concerned, I am having second thoughts. I am having second thoughts because of the way the construction industry has built up suddenly. Unless there are incentives it might decline and then we are going to have quite a drastic unemployment problem. So here I am not being consistent, I have just changed my mind and we have only discussed the question of the Development Aid Programme last week but I think the Hon Mr Feetham has prompted me to give serious thought to the matter. May I, Mr Speaker, also mention the question of the reduction of the import duties on vehicles. I always find it amazing that traders always look to Government to help them to sell more, to sell more and to sell more because it is good for the economy and it is also good for their pockets. I seldom see any action by traders as a whole - there might be a few exceptions - where they say 'Reduce the import duty or reduce this tax and we will try to reduce the profit margins to have a bigger turnover'. It is always at the expense of Government. I would like to mention now, Sir, the question of parity

which was mentioned, I think, by the Hon Member opposite and on my side. From the beginning when I became a Minister in 1976 in this House, I said 'the only reason that I accept parity is because it looks as we were going to have a situation where industrial relations are going to improve', because the question of wage negotiations was always the question that spread most industrial unrest. Unfortunately, it must be the fault of the Government, I have seen no improvement in industrial relations. I think people now spend their time trying to improve on parity by playing around with banding and I think parity is beginning to lose its meaning. The amount of thought given for people to upgrade their banding and increase their salaries is incredible. There is also the question of industrial relations and I think the Hon Member, Mr Mor, mentioned the high overheads and he particularly mentioned electricity. Well, electricity apart from the capital investment of the engines, the two main running costs that it has are the fuel element and the manning level. The fuel element, there is a monopoly situation in Gibraltar which unfortunately we cannot do anything about because we haven't got the storage space to order our fuel from whoever we want. But on the manning level, agreements could be made where the manning levels could be reduced by natural wastage and the men get extra wages because of productivity and the Government gets its benefit and there might be a reduction in electricity and we might get the third engine which is lying at the docks, we might get it back and I hope we do because otherwise we are in for serious trouble in winter. I know that part of the Hon Member's economic plan, something that I have heard

HON CHIEF MINISTER:

Oh, you have?

HON MAJOR F J DELLIPIANI:

I have heard something, something to do with a free Port or something. Whether we like it or not. Spain is over there and anything that we do in Gibraltar we must take account of the fact that Spain is right across the border, whether we like it or not. I think, Mr Speaker, that we are having situations where the people have become aggrieved with certain things that are going wrong with law and order, etc. The Police do their best to try and prosecute people who break the law but there seems to be a lack of understanding by the Courts in Gibraltar as to what the people of Gibraltar want, as to what the Government of Gibraltar wants and I don't want to interfere with the Courts, it is not my duty to do so but we have had two recent instances that highlight the different attitude of the concern of the people towards certain crimes, towards certain laws that have been broken and the way the Court is behaving. Two come to mind. One

is the question of litter and disposal of trade refuse all over Gibraltar and the other one is the fast launches. On the question of trade refuse the Government has no obligation to pick up trade refuse from anybody, from any business. If you look at the laws and rules of Gibraltar there is no obligation. If a trader has any trade refuse the Government will supply the service at a price. What is happening? The traders are dumping trade refuse all over Gibraltar, a few of them have been prosecuted, they get fined £10 and the charge normally by the Public Works Department will be between £40 and £50 so they are laughing all the way to the bank with £40 in their pockets. This is an unrealistic situation in Gibraltar. I don't know what the Magistrates' Court and the Magistrates are doing but litter is one of the problems that we have in Gibraltar. The other one is the fast launches. The Government deliberately imposes some very high fines to discourage this question which is bringing a bad name to Gibraltar because of the connection with soft drugs. I am not worried about the exportation of cassette recorders, video recorders, the more the merrier, I don't care two hoots. But the question of smuggling whether it is soft drugs or hard drugs is something that the world is looking to and here we have people being given bail in the sum of £50 and the next night they go again with the same fast launch and they break the law. The Courts are making a mockery of the efforts that the Police and the Customs Officers are putting to this problem. Where are these people sitting, are they somewhere in the Bahamas? The problem is in Gibraltar, in the Bahamas they have enough problems especially with drugs. I would like to talk now, Mr Speaker, on the question of the Finance Centre. I am very excited with the way the Finance Centre is developing in Gibraltar, banking, etc. I am concerned, however, that with very few exceptions very little effort is being made to attract and train Gibraltarians to look after those jobs. I don't want Gibraltar to become a paradise for expatriates of whatever nationality. Gibraltar must be a paradise for the Gibraltarians first and I would like to see either a willingness by the Finance Centre to take a more active part in the training and attracting the local people and the local youngsters to stay in Gibraltar and to come back to Gibraltar or the Government of the day will have to take some positive action to do something about it. Sir, I would like to make just one quick remark on the Hon Joe Pilcher and the Hon Robert Mor on the question that they didn't see the broadcast of my Hon Friend Mr Brian Perez. I was watching the other channel, too, hoping for Real Madrid to lose. Let me say that what I did and I am sure that they have, I taped the broadcast so they have no excuse. If they had a genuine interest to watch Brian Perez they should have taped it.

HON CHIEF MINISTER:

On a video recorder, very wealthy.

HON MAJOR F J DELLIPANI:

Sir, in conclusion, Mr Speaker, I would just like to say that I don't seem to share the attitude towards politics that Hon Members have and possibly my Hon Colleagues have. I will say this, I think I said it last year. I am not interested in being in politics for power, I am interested in what is best for Gibraltar and if I had an idea which would be the solution to all our problems I would give it to Hon Members opposite. I have no idea otherwise I would have given it to Hon Members on this side. Thank you, Mr Speaker.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon and Learned Chief Minister to reply to the debate.

HON CHIEF MINISTER:

Mr Speaker, whatever has been said and I may say in reply, there is one thing that has made me very happy with this Budget. Having been here now, unfortunately or fortunately, for thirty-seven years, I am very happy to hear the Leader of the Opposition saying 'People will see this Budget as a total disappointment, it fails to meet expectations', and, in fact, one of the persons who was interviewed said that this was not an election Budget. Well, I am very proud of that and I am very proud that after years in this House I can still preside over a Government that looks at the preparation of the Estimates in the year of an election in what we consider to be the best interests of Gibraltar irrespective of the effects. Had we given away some of what we have given, of course we would have been told: 'You haven't got the money to give it, you are doing it because you want to win an election' so you are never right in these matters. But I think, as far as I am concerned, I consider it of credit that people should say that we have failed to meet people's expectations because if we do not do that in an election year by straining the economy, we will never do it and it is proper that we should not do it. We should do not what is popular but what is right and that is what we have attempted to do in this Budget. I will deal with some of the points which have been made by the latest speakers and I will refer back to the contribution of the Leader of the Opposition. I marked six times in the course of Mr Feetham's speech, allegations of lack of economic planning, seven times, but there was no positive word of what their planning would be, just 'you haven't got a plan', 'you have lack of vision', 'challenge at our doors'. I have taken note of all of them but not a word of what they would do, very, very easy. Then there is another point - I think it was Hitler who said that if you repeat a lie often enough it becomes true.

HON DR R G VALARINO:

Goebbels.

HON CHIEF MINISTER:

Goebbels, sorry, I got it wrong. Well, it is not true that we have been saying that the opening of the frontier was a boom to everybody. In fact, we had a big discussion with Baroness Young on this matter from the very beginning because the concept in certain sections at the Foreign Office was that the opening of the frontier was the end of all our problems. And, in fact, it had to be rubbed into them very clearly. "There is no connection with the possibility of lessening development aid, no. In general, all your problems are over". And we took a long time to persuade if, in fact, we have persuaded because she continues to see Members of Parliament of the Gibraltar Group and tells them: 'I think it's alright, the frontier has opened'. We didn't say that this was a boom, we said many times that the years of closure for the frontier had created a number of distortions in the economy that they require a long time to rectify and what is happening now is that it is slowly being rectified. But the other interesting point which I think was made by my colleague Mr Perez when there was no football match this afternoon here and that is that if, in fact, things are going as they are well and very few people except those who may consider themselves prophets of doom, I am not going to point my finger at anybody, anybody who says that things are not getting alright, I am going to say that things are alright, may be living in a world of their own but there is no doubt that there is an air of prosperity, a climate of prosperity, a climate of confidence, a climate of development and people are living a better life than they were before. But would all this have been possible if this famous petition that was prepared and even dogs were supposed to have signed it, certainly it was circulated in 3rd and 4th Forms in schools which was never delivered, not to proceed with the Brussels Agreement. No doubt Members opposite.....

HON J BOSSANO:

If the Hon Member will give way. The Hon and Learned Member has had the opportunity of making an opening speech as has the Financial Secretary. He and the Financial Secretary have got the right of reply, my contribution has already received answers from several Ministers and at no stage has the Brussels Agreement been brought up and I don't have the right of reply. This appears to me to be introducing a new matter into the debate. I am happy to debate the Brussels Agreement any time the Hon and Learned Member wants but it is the Finance Bill I want to hear about.

MR SPEAKER:

I most certainly take your point that no new matter should be introduced into the debate.

HON CHIEF MINISTER:

Of course, I shall not raise any matter that has not been raised before. It has been the subject of discussion, the opening of the frontier.....

MR SPEAKER:

The opening of the frontier has most certainly been raised.

HON CHIEF MINISTER:

Of course it has been, call it the Brussels Agreement or call it what you will but that is true. It is true also that we were severely criticised for it and I have to give an account of it because it has been mentioned and that is that the supposed argument that the frontier would have had to open and this is very relevant to the economy, if this is not relevant to the economy I don't know what is relevant to the economy. He said: 'He has to wait only a few months and then the Spaniards would have opened the frontier because they had to'. Look at the position nowadays when there is any bit of a hiccup on traffic at the frontier. Would that be the spirit in which the Spaniards would have done what they would have been compelled to do? I leave people to decide that, people know it too well, I only have to refer to it briefly. Then in the latter part of the debate Mr Mor made a number of remarks in his prepared statement about landlords and tenants. I couldn't follow much but if I remember rightly only recently the Action for Housing have issued a statement offering people to go and see them in order that they can exercise their rights of having their rents reviewed, those that are controlled and therefore let me say that more protection was given to tenants of both business premises, it may not have gone as far as Hon Members opposite wanted, I agree, but more protection was given to tenants of business premises and to tenants of controlled premises of dwellings by the amendment to the Bill than otherwise. It was not a landlords charter it was a tenants charter, it may not have gone as far as Hon Members wanted. There is a remark made by the Hon Leader of the Opposition, again on this question of the open frontier because it is all relevant to the situation of the economy, that the banks would have come in with a closed frontier anyhow. Perhaps a bank or two might have come, one did come, but would we have the extent of interest that there is in Gibraltar now? Let me say also that the Hon Leader of the Opposition said

something yesterday that was rather mischievous, if I may say so, because it isn't true and that is when he said that if all that the finance centre was going to do was to create companies in order to hold properties in Spain that then we were going to get the same name.....

HON J BOSSANO:

No, Mr Speaker, I didn't say that.

HON CHIEF MINISTER:

Just a moment, I will give way in a minute.

HON J BOSSANO:

The Hon Member is quoting me and what he is quoting is incorrect, I didn't say that.

HON CHIEF MINISTER:

I will give way in a minute, I will finish what I have to say and then you can correct the whole of the sentence because I have not finished. The Hon Member said words to the effect that he did not want the finance centre to become a place where only people who wanted to have properties in their names in companies in Gibraltar against Spanish laws were going to take advantage of it.

HON J BOSSANO:

Mr Speaker, when the Hon Member started speaking he said that I had said I didn't want banks to come to Gibraltar to set up companies and when he asked.....

HON CHIEF MINISTER:

No, I didn't say that.

HON J BOSSANO:

Yes, that is what he has just said, Mr Speaker, Hansard will show it.

HON CHIEF MINISTER:

No, you said that banks would have come to Gibraltar with a closed frontier, is what I said you said and I have got it in your words.

HON J BOSSANO:

Mr Speaker, the Hon Member has just gone on to say that I have said that I didn't want banks to come to Gibraltar to set up companies that would buy property in Spain.

HON CHIEF MINISTER:

No.

MR SPEAKER:

There may have been a misunderstanding but he has corrected it.

HON CHIEF MINISTER:

No, two different things.

HON J BOSSANO:

He has corrected it but this is what he said when I tried to interrupt him.

HON CHIEF MINISTER:

No.

MR SPEAKER:

With respect, order, I didn't hear the Hon and Learned the Chief Minister say anything about banks connected with companies and land but I most certainly take the point that the Hon Leader of the Opposition says that he heard him.

HON CHIEF MINISTER:

No, it is quite clear, it is two separate points and the first one I have the wording there - I have got a little practice in taking notes of relevant facts - banks would have come to Gibraltar in a closed frontier situation. I did say that one or two had come and one or two might come but we would not have the spate of banks who are interested to come to Gibraltar in a closed frontier situation. That was one thing that has nothing to do with the other. Then I went on to speak about the finance centre and I said that the Hon Member had said that he didn't want the finance centre - or words to the effect, I cannot quote - he didn't want the finance centre if all that it was going to do was to hold exempt companies in Gibraltar, to hold properties in Spain and create

the same discontent on the other side as contraband had created in the past. I am quoting correctly, I don't like to misquote deliberately I can assure the Hon Member, he knows me well enough. The Hon Member will be surprised to hear that I have never formed one company, I have never formed one company so I don't know much about it, I don't spend my time forming companies, I have better things to do both in my Chambers and in the Government. I can assure the Hon Member that the thousands of companies, first of all, that were here before the frontier was opened and therefore there was no question of holding property because it was unacceptable and subsequently the bulk of the work of the finance centre in Gibraltar today is really international work of the utmost importance bona fide and genuine. That people take advantage of these things to form a company, well, certainly, if that is not right in the eyes either of Spain or the EEC, we would not have Spanish banks applying for offshore licence work to carry out the same kind of work. So that really that attempt to criticise or belittle the finance centre by saying that if that was all that was going to happen we would might as well not have a finance centre....

HON J BOSSANO:

No, Mr Speaker, the Hon Member is misquoting me again. The Hon Financial and Development Secretary in his prepared statement made a reference to the misconception that people might have about what was a finance centre and I was asked by the Hon and Learned Member to say what we understood by a finance centre and we told him that whereas we are completely in favour and support and we were giving our support publicly in order to assist in what the Financial and Development Secretary said was the most precious commodity, the confidence factor, the kind of definition of finance centre that he has just talked about which is people genuinely involved in international finance, if what was understood by a finance centre was what has been the subject of public criticism, that is, people who are exclusively setting up artificial institutions for the purpose of evading tax in the next door country, then we are not in favour of that development as the development of the finance centre and we drew a distinction between the two things. We didn't say that the one was doing the other or trying to belittle the existence of the bona fide banks or anything else, it is very clear what we said.

HON CHIEF MINISTER:

Well, I will then put the positive part of the answer to that and that is from my knowledge of the working of the finance centre that if, in fact, there are any schemes for avoiding or, perhaps, for the sake of neatness of having to avoid the kind of bureaucracy that people have to deal with on the other side, that that is a very infinitesimal part of the work of the finance centre.

HON J BOSSANO:

I am glad to hear it.

HON CHIEF MINISTER:

The finance centre, from what I know, is doing work of much more importance than that. I would like to make the point that as the Financial and Development Secretary quite rightly said, we do not allow, coming back to banks because one thing is connected with the other, we do not allow or give licences, or rather they don't because we have nothing to do in the giving of licences, that is a matter for the Banking Superintendent and the Banking Supervisor in whatever form it is, without the approval of the State from which that bank comes. And it is interesting apart from the fact that there are already two prestigious Spanish clearing banks in Main Street, that there are quite a number of Spanish banks in the queue not so much for clearing banks but for offshore business with the consent of the Government. In fact, at one stage it was mentioned to us that we were taking too long to consider their application and we were able to show that they were being dealt with like everybody else according to the standing that they had. I think there is a difference in the approach of the Leader of the Opposition to the Estimates this year than last year that there was in his original expositions. I think, perhaps he got tired and he had every right to feel tired of saying the same thing for many years but what normally happens is that occasionally he got the praise, more often than not, he got the praise of Members on the analysis that he used to make some years ago of the Estimates and his approach to them. Unfortunately, yesterday he spent his time repeating himself, repeating last year's contribution, getting annoyed which he didn't do before, I don't know whether it is the nearness of the elections - don't worry, there is plenty of time - that kept him edgy about this matter. He shouldn't quarrel with himself or with other people because he has always been germane except on very rare occasions and correct so he mustn't get very annoyed. Let me tell the Hon Leader of the Opposition that I spent some time last night trying to find out whether there was any semblance of truth in this wide-sweeping statement that he said that it must be the first time in the history of Western civilisation that a Government had brought a measure that went into the next term of office. That is absolute nonsense. I even finished up reading Richard Crossman's Diary to see whether I could find something that I would be able to give him one way or the other. But reading back some of the Budget statements of Nigel Lawson and one or two others, of course, it is clear that when a statement is made they cannot project the ideas that they put forward limited to the period of their term of office are much less limited to the period of their term of office towards the end. Therefore,

as my colleague has already explained quite clearly, the question of the Development Aid Ordinance has not been geared in that sense at all. It was a matter that when you are in Government, even if you are not coming back, you have to leave things in order and you have to give as was mentioned by the Hon Mr Pilcher, he realised that people who had something in the pipeline required time to make their arrangements and put them on. There is no ulterior motive in that, nor indeed was there any in the other one about rates. The only point was there was a picture for the revision of rates in 1987, and it looked because of the instability of the situation, the uncertainty of rates and things like that and the fact that rates are already pretty high, that it was thought that another couple of years might give a respite but it would be perfectly in order for any Government to decide then not to have it. I think all the suspicions arise, again, I don't want to rub it in but they arise out of sheer ignorance of how Government works: Another clear example of that is the alleged conspiracy between the Financial and Development Secretary and the Chief Minister or the Government and so on. If you ever were in Government and you gave it a chance to work as it works now - I am not saying that either you are going to be in Government or you are going to give it the chance even if you are - but if you were and you gave it the chance you would see that it is all nonsense, that things don't work the way you imagine. Things work in a much more civilised manner, there is no pressure from one to another at all, the Financial Secretary is the financial adviser to the Government, he has certain responsibilities, policy matters are matters for the Government and you can have a word of advice like you have in 'Yes, Minister' or in 'Yes, Prime Minister', but it stops there if you want it to stop there. The fact that there have been seven different Financial Secretaries who have looked at the situation differently is perhaps a breath of fresh air for people who have been continuously in Government to see that other people take a different view. We are fortunate in the fact that we do not have now, and I think except for one isolated exception, for the first time we haven't got a Colonial Office type Financial Secretary.

MR SPEAKER:

I will then call on the Hon the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. With the applause ringing in my ears, I would just like to answer some of the points made during the debate and, if I may, I will start from the end, so to speak, with Mr Pilcher's query which I think was about the airport departure tax.

HON CHIEF MINISTER:

The sea departure tax.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The sea departure tax.

HON A J CANEPA:

The airport departure tax is not being touched.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In that case I won't answer.

HON J BOSSANO:

If there are more passengers shouldn't there be a bigger yield, that is the question.

HON CHIEF MINISTER:

The other point he was talking about was if the increase in passengers is not affected in the draft estimates of revenue, that is something that we ought to say a little about and that later when we come to the Appropriation Bill I will say something about the Estimates.

MR SPEAKER:

Or the Committee Stage of the Finance Bill.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As I understand it, the Hon Mr Pilcher's query was on the figures for the airport departure tax comparing 1985/86. I am not quite sure that I understand the basis of his query but he did seem rather upset about it. We had a figure of actual revenue of £69,000 in 1985/86, in last year's Budget we announced the doubling of the tax. That, of course, took effect in November, not for the full year. In fact, if you allow for a doubling of £69,000 and add 20% you come very closely to the figure of £165,000 which we are showing in next year's estimates. I hope that clears that point up. Obviously, these are estimates and one can never predict what the increase in traffic is going to be exactly. Mr Feetham raised the question of houses and the money which was required. I think I can only say on that that if we don't sell the houses and raise the money which we are expecting and, again, assuming that the projects which are in the Improvement and Development Fund take place as planned, then we should

have to have resort to further borrowing. I cannot really say anymore at this stage because of the uncertainties. I think he complained when I said 'nonsense' at a certain stage in the proceedings, Mr Speaker, and suggested that civil servants should not actually say 'nonsense'. He might like to know that a former Home Secretary in the United Kingdom, Sir Henry Johnson, one of the old style mandarins, was in fact the only person who ever got into Hansard and he was reported there, that is when he was in the official box, Hansard read: 'An Hon Member - rubbish'. So I am following in distinguished footsteps if I occasionally say 'nonsense' across the floor of the House. The Hon Juan Carlos Perez on whose brevity I would like to add a word of congratulation, even more brief, I think, than last year. He did raise two points, one was on GG plates and he queried what we are doing. I think I can only say that the best advice we have is that the market can bear it, that is to say, it can bear an increase in duty from 2% to 5%. The granting of re-registration on change of ownership is regarded there, again, on the advice we have received, as being the chief deterrent and if we remove that, or rather if we grant that concession we are told it should lead to increased sales. Obviously, we will have to wait and see and monitor it. He suggested there might be wholesale tax evasion as a result of the 18% net duty on car hire. I think this is a very ingenious point. If the car hire industry, so to speak, replaced the normal car sales industry, well, we shall have to do something about it, again this is something we must clearly monitor. I now come to the points made by the Hon Leader of the Opposition. The first one I have is the £14m contribution to the Consolidated Fund. I explained I think why this is not being made. It was not required this year, one could regard it simply as a revote and this is not unusual. The law, as far as this particular borrowing is concerned, provides for the amount to be paid into the Consolidated Fund. In the Ordinance under which we borrowed the money it says: 'in aid of general Government expenditure'. I think what we are doing is certainly within the law and from the point of view of financial management it gives me greater flexibility if the money is paid into the Consolidated Fund because then from the point of view of placing the money to the best advantage when we have spare resources I can do this more readily.

HON J BOSSANO:

Can I ask the Hon Member to give way a moment on that point because the point that I was making, Mr Speaker, is that if we have a situation where we vote in last year's Budget and we make clear that if we are appropriating, and we don't agree with the methodology, that is to say, we don't agree because until he introduced this innovation very recently, contributions from the Consolidated Fund were not the result of borrowing, contributions were

the result of Government revenue. He has introduced this innovation of borrowing under an Ordinance that gives him the power to borrow for either the purposes of meeting general revenue or the purpose of meeting capital investment. He comes to the House and he says: "I am borrowing for the purpose of meeting general revenue and I am asking the House to vote that I use it for the other purpose for which I can use it". And then having got our support on that premise he doesn't do it. We would not have voted for the £1m to have been borrowed to have been put in the Consolidated Fund because we have already told him that we disagreed with that in 1985/86 and we would have said no in 1986/87 and if we are going to vote in this House in 1987/88, we have told him we are in favour of the new £1m debenture but we are not going to be in favour of that new £1m debenture if we are doing it on the premise it is going to go into the Improvement and Development Fund and it doesn't happen because he decides during the course of the year to put the money into the Consolidated Fund and for one reason or another it doesn't get transferred. It seems to us that the whole purpose of coming here and putting a piece of paper in front of us and having a debate and taking a decision is that we expect the decision which is a decision of this House to be implemented. So it isn't just like a revote, no, as far as we are concerned, it would be a revote if having put the money into the Improvement and Development Fund and having voted the expenditure out of the Fund, that expenditure did not take place. We have got a number of revotes in the Improvement and Development Fund of money that would have been spent last year had the £1m got in. We need to be quite clear. Either the purpose is that it is going in or we are not in favour. The Government can still do it but we then reserve our position.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am afraid I don't really understand the point. Last year in the Estimates we had a provision - contribution to Improvement and Development Fund - £1.5m. This, as I have explained, we did not contribute because the money was not required and that, as far as I can see, is the end of the matter. The next point which the Hon Member raised was about the rates for GSL and, of course, the disallowance for development aid. The NAV for 1986/87 is approximately £114,000 and the rates payable will be £70,000 on the basis of the assessment made by the Valuation Officer. In 1987/88 the figures are £316,000 for the NAV and £196 payable as actual rates. The Hon Member expressed some surprise that the figure for Waterport was larger than GSL because of the smaller area. However, I am informed that the value of plant and equipment is also taken into account for the purposes of assessment of the rateable value. That is my information.

HON J BOSSANO:

Mr Speaker, is the Hon Member saying, let me get that quite clear, that rates under the Public Health Ordinance are not levied exclusively on premises, that they are also levied on plant and equipment inside the premises?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Certainly in the case as far as Waterport is concerned, yes, Sir.

HON J BOSSANO:

But is he saying that this is just the case in Waterport or that this is how rates are levied on all commercial premises in Gibraltar?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, it depends very much on the kind of premises, Mr Speaker. I couldn't say whether this is true of all hereditaments but it is certainly true of Waterport Power Station that the plant and equipment, the value of the plant and equipment are taken into consideration, this is the information I have been given. If there is some query we can pursue this outside the meeting, I am quite happy to do that.

HON J BOSSANO:

Well, what I would like the Hon Member to find out is under what provision of the Public Health Ordinance this is done.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have no doubt we can provide this information, Mr Speaker. The next point I have down is foodstuffs. I apologise for the fact that in my speech, in fact, in the written speech, I showed the proportion of foodstuffs of having fallen from one-fifth to one-quarter. I think the explanation for this maybe, those who had a copy of my speech will have seen that my Secretary's typewriter typed 'one-fifth' in a way which makes it look rather bigger than one-quarter. That is the only explanation I can offer for that particular slip but I didn't notice it and the Hon Leader of the Opposition with his usual sharpness did. I am sorry that I have to insist that national insurance in the United Kingdom is a tax and the reason why I say that is because the rates payable are proportionate to income whereas the benefit, I am talking about the flat rate benefit now, are flat rates. This, of course, is rather different from the Gibraltar position which, I think, is more equitable personally, that is to say, your contribution is a flat

rate contribution for a flat rate retirement pension. But in the United Kingdom, for example, it is 7% of earnings up to £285 a week which is about £1,000 a year and for that you get, of course, the same flat rate pension, and I am talking about the flat rate element not earnings related, as an employee who makes a contribution of 7% of the minimal earnings or average earnings. Not only that, of course, as far as the employer's contribution is concerned, it is 10% without limit on salary. So that is really a form of employment tax or payroll tax, if one would care to use that phrase, and I think this is one amongst many reasons why the overall level of taxation in the United Kingdom, the amount of tax raised as a percentage of national income is very high and, indeed, as I have said and as the Hon Mr Canepa said, is higher than in Gibraltar as a proportion of national income. I do have a slight correction to make to my speech in that I mentioned that the apprentice allowance was to be increased from £150 to £250. It is, in fact, to be increased to £300 and this figure was included in the Finance Bill. I am sorry my speech was £50 inaccurate. The apprentice allowance is to be increased from £150 to £300 and not to £250 as I said in my speech. We will give consideration to the point raised by the Hon Leader of the Opposition as to whether we should exempt UK social security benefits. I think the principle here a not unreasonable one in that the person concerned would be a resident of Gibraltar, another resident who was receiving a social security pension here would not be taxed and so equity, perhaps, suggests equal treatment. On the other hand, the Finance Bill does provide and this is something, again, which I regret I rather omitted to mention in my speech, but it does provide for pensions which are not social security pensions but which may be payable in the United Kingdom and so it might be paid into a United Kingdom bank account by a resident of Gibraltar which if it were paid in Gibraltar would be taxed, it also provides for these to be taxed, I am thinking now of occupational pensions like the MOD, that is to be provided. Absolutely to conclude, I must, I think, respond to the criticism which the Hon Leader of the Opposition and, indeed, other of his colleagues have made and I am responding here to a point raised in the debate, Mr Speaker, about the failure on the part of the Financial and Development Secretary to give a lead in running the economy. I am never quite sure whether Hon Members mean running the economy or Government finances. I regard my responsibility as far as the economy is concerned, as being part of those which I share with other Ministers and that particular point has been covered adequately, I think, in the response of the Chief Minister and the contribution of other Ministers during the debate. But as far as the Government finances are concerned which I think is more clearly my responsibility, we had a certain amount of knock-about, again, the ghosts of Alistair McKay and Alan Collings and even Reg Wallace were hauled out of retirement. I must assure the Hon Leader of the

Opposition that, in fact, I am due to stay here for five years and so, possibly, one of those five will be after the next election. It may be that I will have to present the Budget from the Opposition benches. My responsibilities under the Constitution are very clearly laid down. The Hon Leader of the Opposition takes me to task in the most extraordinary way, I suppose it is all part of Traynor--bashing, but if it is not public debt it is surpluses and it is the reserves. Not so long ago he was complaining that public debt had increased from £9m in 1981 to £28m which was a situation I inherited, by the way, he was contrasting my performance with that of my predecessor. Indeed, when I came here the Hon Leader of the Opposition was complaining that the Consolidated Fund Balances were all constituted in terms of municipal debt, he said that there is no cash there and he even went off to complain to Baroness Young rather like a sort of schoolboy who snitches to teacher, he went to tell Baroness Young that there wasn't any money there. He had half a point, I think, because there was difficulty at that time with the collection of arrears of revenue but I did, in fact, look up the figures, Mr Speaker, and I think this is my answer to his other point about the deficits and surpluses at the end of the year. I don't think that they are themselves particularly significant. What is significant and I have said this all along and if he checks on my previous statements, is the Government's overall liquidity position. At the end of 1984/85 we had in terms of cash balances and Consolidated Fund investments, which is what I would call the overall liquidity balance, £7m. This figure increased at the end of 1985/86 to £11m and at the end of 1986/87, like as of now, we are talking of something like £14m and it is against that background that the Government has been able to reduce taxation because the Government's financial position is a very healthy one. I do wish Hon Members would begin to understand that this is what financial management is about. In the last three years, despite the recent Traynor-bashing, I would just like to say we have reduced public debt, we have reduced taxes, we have improved cash balances, we have reduced debt charges, we have borrowed less, borrowed less than in previous years, and we have improved the collection of municipal revenue and that is my record, Mr Speaker, and I will stand by it.

HON J E PILCHER:

If the Hon Member will give way just before he sits down. He hasn't answered the question that I put to him.

MR SPEAKER:

We might perhaps get it at the Committee Stage.

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

The House recessed at 5.45 pm.

The House resumed at 6.15 pm.

SECOND READING OF THE APPROPRIATION (1987/88) ORDINANCE, 1987

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Appropriation (1987/88) Ordinance, 1987, be read a second time. I don't propose to say very much, Mr Speaker, because this is an occasion when Ministers who are responsible for all the spending explain the nature of their budgets and their plans for the year. The Estimates before the House show that Government revenue for 1986/87 was more than £3m over budget, but matched by a comparable increase in Government spending. Of course, the Government contribution to GSL accounts for a substantial proportion of that, more than £1½m and there was another exceptional item of expenditure which was the repayment of an outstanding bank loan, the Barclays Bank loan prior to termination. Increased spending by Government Departments in excess of the budget for 1986/87, is therefore expected to be of the order of £1m. This is, of course, disguised in the Estimates by the deferment of the contribution to the Consolidated Fund which we were just talking about. As far as 1987/88 is concerned, spending by Government Departments will increase by some £3m. That is inclusive, of course, of the provision for pay increases in 1987/88 which represents just about half that amount, just under half, but offset by a reduction in debt charges, a reduction of £700,000 in the Consolidated Fund charges which is a contra of the increase which I mentioned in 1986/87. That is the consequence of the earlier repayment. There is only one other item I think I ought to mention, that is Hon Members may already have noticed that a number of items which were previously classified as special expenditure have been shifted from the current to the capital account this year, that is to say, they are included in the Improvement and Development Fund for the first time. The items are all of a capital nature, such as vehicles, computers, plant, and equipment and, of course, the Public Finance (Control and Audit) Ordinance specifically provides for such items to be included in the Improvement and Development Fund. I am not sure why they have not been included before now. There is some doubt as to whether a hearse can be regarded as improvement and development but it is certainly of a capital nature, I think. On the other hand, such items as election expenses, while they may be a capital idea, they produce nothing and are clearly not such. That is all really I have to say by way of introduction, Mr Speaker. I commend the Bill to the House.

HON CHIEF MINISTER:

I don't have much to say at this stage except in general terms. I shall deal with one or two items of expenditure which I know Hon Members will be interested when we come to the particular items in order to explain matters which have been the subject of discussion in this House. But, first of all, the question of putting capital expenditure where it ought to be is something which I have advocated for many years because it was the practice in the City Council that what is capital is not fair to be charged on the taxpayers of today only on what has a lifespan of fourteen or fifteen years and you repay over capital, you have the repayment charges and so on. This is how most of the big capital expenditure has been done in the past but it has been put, I think, improperly, or rather, the purpose of the Improvement and Development Fund was different. I can tell Members that many years ago, ten or fifteen years ago, this idea of obtaining capital for funding big charges was not as well known to the central Government as was the practice and the norm in the municipal accounts, in the old City Council Accounts. I would just like to say that apart from the normal increases in Departments, Ministers made special bids and we go through the Estimates very carefully to make sure that the money that they are putting for expenditure of which there is an excess of £3m, as the Financial Secretary has said, each Minister has to satisfy not only himself but his colleagues. There is a competition, there is a limit set, to some extent, because otherwise the kind of applications that are made are sometimes fantastic, people in Departments who are not aware of the repercussions, can submit projects of millions of pounds which, of course, must be looked at very carefully. Therefore the Estimates, apart from reflecting the normal increases, allows for improvements and also for a much more generous approach than was the case three or four years ago when the financial situation was different. Because the situation is better Members are allowed more money in respect of improvements, they never get all they want because then it would be endless but they are allowed much more but they have to defend it strongly so that really we go through the expenditure estimates very carefully. I would like to mention something which has been referred to earlier and this is perhaps the best place in which I should mention it and that is that Ministers have no direct say and there is no reason why they should, anyhow. Ministers have no direct say in the Estimates of Revenue. The Estimates of Revenue is much more a financial administrative matter more than a political matter in the sense that we get a report of how revenue is doing in the various Departments from month to month and you see whether the graph is up or down and how far up and what are your expectations. If you manipulated the Estimates of Revenue you could mislead the people certainly one year by either wanting to reduce

them or wanting to increase them and give a completely different answer. It is much more a financial than a political approach that is made. It is based on expectations, it is based on the performance of the particular one. In that respect, I recalled in the course of this year's Estimates, on the Estimates - I don't know whether they are separate now or they come under the general Head, in the old days what was estimated to be yielded from estate duty. There was a time when a certain Financial Secretary had his eye on five or six people who might die during the year and according to his expectation of their life he would put up or put down the amount of money that could be expected from estate duty, sometimes he was very disappointed at the end of the year because some people were still alive and had not yielded the income that was expected. That is really a very difficult exercise and therefore anybody can be right or wrong in that respect.

MR SPEAKER:

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

HON MISS M I MONTEGRIFFO:

Mr Speaker, my contribution on the Appropriation Bill will, as in previous years, refer to those areas I am responsible for in Opposition, namely, the Medical Services, Sport and Culture. I will deal first with the latter, Mr Speaker, Sport and Culture. There are important matters here which I wish to highlight and I would like to start by saying that what the GSLP feared would happen, something which I warned the Government about in my Budget speech prior to the full opening of the frontier, is happening today. Due, Mr Speaker, to the lack of certain sporting facilities in Gibraltar, sporting associations and clubs are being forced to seek recreational facilities outside Gibraltar. The Minister himself confirmed in the last Budget that the open frontier had not reduced sporting activities as envisaged, they had increased he said. Gibraltar, Mr Speaker, is still awaiting the realisation of the AACR's long-standing commitment given some twelve years ago to construct a swimming-pool. That they included this in their election manifesto does not say much for their credibility. Last September, Mr Speaker, the Minister, the Hon George Mascarenhas, went as far as to say in a radio interview that we would have a pool in the very near future and that the plans that had been presented by the developers not only were acceptable by the Government but that he thought that the pool would be built at Montagu Basin. I hope, Mr Speaker, that therefore the Minister in his reply can shed light on what has now become the never-ending swimming-pool fiasco. We also have reason to believe, Mr Speaker, that there are problems being

encountered by the Gibraltar Hockey Association on the question of the astro turf. We would like to hear what the Government's position is on this matter and whether they intend to assist the Association in making this a reality. A year, Mr Speaker, has already elapsed since the Minister for Sport in last year's Budget speech said that the Government and the Gibraltar Squash Rackets Club had got together because the Club had expressed an interest in providing financial assistance in building two squash courts at Victoria Stadium. He said, Mr Speaker, that an agreement had been reached. Yet, as we understand, agreement has not been reached and we hope that this will not be another swimming-pool fiasco. Last month, the Minister confirmed in answer to my question on Government's intention to collect fees for the use of sporting facilities, that they would not be back dating them. The GSLP has been pressing for this policy to be abandoned by the AACR and the Minister for Health, after our request, changed his mind on the question of the GPMS increased contributions which Government were hoping to charge retrospectively. However, Mr Speaker, when I asked the Minister for Sport for confirmation that he, too, had changed his mind, on the one hand he denied that the Government had reversed its policy and on the other he confirmed that he no longer intended to proceed with it. Perhaps, Mr Speaker, the Minister for Sport does not like admitting that he has made a mistake. Nonetheless, the GSLP hopes that when the Government start collecting fees in June, the actual amount of money collected will go to sport. We are very disappointed, Mr Speaker, that in a financial year when the Government will be collecting sport fees for the use of their facilities, they are not increasing the contributions to sporting societies which still remain at £15,000. There are, Mr Speaker, in the region of about thirteen sporting associations, a great number of which participate in international events and they are certainly to be commended for the inroads they are making in getting Gibraltar recognised as a nation in its own right by international federations, especially when there has been very strong opposition from Spain. This is, undoubtedly, an extremely important achievement. Therefore, given these two reasons, £15,000 is clearly not a very realistic figure and I am giving notice to the Minister, Mr Speaker, that when we come to discuss the Estimates in detail, I would like a breakdown of how the money was distributed last year and a list of those persons whom they have selected as members of the Sports Committee. The GSLP is totally committed to sport and to improving the quality of life in Gibraltar so that Gibraltarians do not need to go elsewhere to look for recreational enjoyment. Certainly, Mr Speaker, the AACR have managed the very opposite and this Budget is not going to improve the situation. I would like to say here and now that, if elected, the GSLP would start by increasing the figure of £15,000 substantially. We will be outlining in more detail our plans, Mr Speaker, during the forthcoming elections. We now come to Culture,

Mr Speaker. We note that the money allocated as financial assistance to youth and cultural activities is being increased in this Budget by a figure of £200 and on the question of the restoration and maintenance of historical buildings and sites, the GSLP has on many occasions expressed concern at the money that the Government has been providing. Our heritage, Mr Speaker, is definitely an important facet to attracting people to Gibraltar apart from the fact that Gibraltarians can enjoy living in better surroundings. It appears that the new Heritage Trust soon to be constituted has now been given this responsibility and we hope that the Government will participate in a way which will not see a recurrence of what has happened with the Gibraltar Museum Committee. This Committee has been critical of the Government in their latest Report saying that they have not contributed enough to important schemes in order to be able to get them off the ground, Mr Speaker. Therefore, we still have to wait and see what the AACR intend to do in relation to our heritage. In looking at the Estimates for the Medical and Health Services, the GSLP cannot but express its extreme disappointment in the resources the Government are providing for this essential service. With the amount of money they are allocating, we are sure no marked improvements will be possible in such an important area which has been the focal point of so many complaints, not only from the patients themselves but also from the medical and nursing professions. What they are doing in this Budget, Mr Speaker, is something which has never been done before and that is putting money in the Improvement and Development Fund under Head 112. This Fund is used for totally different reasons and not for what the Government are intending like, for example, purchasing ward furniture, electrical cookers, a hearse for the hospital, which should be shown in the Departmental vote as Special Expenditure. If they were to put money in the Improvement and Development Fund for the purpose of building a new hospital then, Mr Speaker, this would be a totally different matter and we would accept it. However, this is not the sort of action that they have been urgently advised to take by the experts and certainly it is no answer to the state of the Medical Services. Moreover, Mr Speaker, when we look at the financial statement in the Estimates we see that this amount of money in the Improvement and Development Fund is actually money which has been borrowed from the banks. The reality is that when we are hearing so much about the economic boom all around us, the Government are still having to use borrowed money to provide essential things as furniture in the wards of the hospital, Mr Speaker. The Minister for Health has always stood up in this House in defence of what he has claimed to be the exemplary and healthy state of the Medical Services and he has denied on many occasions that there is cause for concern. He has even taken this line, Mr Speaker, only a few months prior to the announcement of the commissioning of a major review which, incidentally, was announced by him last autumn to the media and not

to the House of Assembly. We have not after all, Mr Speaker, been the prophets of doom, an accusation often mooted against the GSLP from the other side of the House. Our analysis of the situation within our Medical Services, since we became the Opposition Party in 1984, has been totally accurate and today these Services are in a very dangerous predicament requiring urgent and positive action on the part of the Government if they expect to be able to redress the situation at all. The major review undertaken by a team of three top UK experts cannot but be a recognition in itself that things are not well at all and we cannot accept the Minister's interpretation that the Review was simply undertaken because certain areas within the Medical Services could be improved. We are very surprised he has taken this line when, in fact, the very same team he engaged have been very critical in their analysis of the way the Medical Services are functioning in Gibraltar. As I have already said publicly, Mr Speaker, the Review Team met the GSLP at their insistence and they painted an extremely grey picture, one which they were adamant could not be put right unless the recommendations of their Report were implemented right away by the Government. Moreover they said, quite categorically, that a piecemeal exercise would be a total waste of time. They informed us that their Report envisages a whole series of major and radical changes and at this stage I wish to make it quite clear that these changes which they outlined to us would totally fall in line with GSLP policy. Of course, I cannot let this opportunity pass by without telling the Government 'we told you so'. We have been warning them that unless they abandoned their laissez faire attitude they would be in deep waters. The GSLP has taken a conscientious approach, we have never spoken in this House on any matter without first obtaining facts and figures, Mr Speaker, and without having evidence that what we are exposing happens to be correct. If, Mr Speaker, on top of it all we now have the team of experts coinciding with our analysis and advising very urgent action if the Medical Services are to be held together, the GSLP cannot but regret the Minister's continuous attitude of trying to defend the state of the Medical Services in this House and denying things which he has eventually had to retract on like, for example, was the case with the shortage of nurses. In our opinion he has acted either irresponsibly, misleading the House by giving the wrong information in order to avoid political embarrassment or he has simply not tried to find out exactly what has been happening within the Services. It must necessarily, Mr Speaker, be one or the other explanation given the evidence before us today. Going back to 1985, Mr Speaker, I brought to this House a motion on the critical state of the Medical Services and it was defeated by the Government who claimed, amongst other things, that doctors earned a lot of money and that they should exercise a little more vocation, that they didn't know what the nurses were complaining about and that Gibraltarians were demanding as patients and the Minister said, in his words, that

they would rather go and see a doctor instead of taking an aspirin. I have brought, Mr Speaker, a very wide-ranging number of questions to this House since 1984: on the general resources available within the Medical Services; the insufficient number of doctors, nurses; the alleged shortages of supplies at St Bernard's; complaints on private practice; requests for chronic patients' eligibility to free prescriptions; the geriatric problem; and the maintenance and conditions of our hospitals, to mention but a few, Mr Speaker. As to the number of doctors at the Health Centre, after my motion the Government agreed to employ only one when the Gibraltar Branch of the Medical Association were requesting five as a minimum, Mr Speaker. Soon after the Minister acceded to our request for an extra nurse for the extra doctor. We have been able, Mr Speaker, to change the Minister's mind after two years on the question of creating a post of dental clinic assistant and of employing another Mental Welfare Officer. We also moved them on the availability of free prescriptions and free doctors house calls to those within a low income bracket. More recently, the Minister has agreed to our requests to introduce the Prescriptions Only Medicines List and to advertise the post of Dietician, two matters which have been pending for a very long time. All this, Mr Speaker, after constant pressure from the Opposition. On the question of the geriatrics and the nursing domiciliary service, the Minister has denied our request that he commits himself specifically to improving this. He has said he needs to study the recommendations of the major review. We see no provision, yet again, for improvement in this area from the Estimates. We were able, Mr Speaker, to get the Government to give the House a breakdown of the maintenance money for the hospitals which formed part of an overall maintenance vote for the Public Works Department. As regards the level of maintenance at St Bernard's, the Minister has admitted he is not totally satisfied but he has said that Government finances are restrictive. We cannot, Mr Speaker, accept this explanation given the conditions of some of the wards at the hospital and the lack on the part of the Government to improving this situation. In the Estimates they are only allocated £3,000 more than they did last year. The GSLP, Mr Speaker, also started questioning the Government on the desirability of introducing in Gibraltar an educational campaign on the dangers of AIDS and the purchase of a screen-testing machine which detects the syndrome. This we started in November last year and the Minister confirmed to us in last month's meeting of the House that the machine is in Gibraltar and that the campaign is due to commence. We believe that we have also been responsible for the commissioning of another review within the Medical Services and that is the Nurses Review. The Minister has stated in this House that this Review will be taking care of the nursing shortages and the question of the Gibraltar Nursing Qualifications, two matters which we have given prominence to in this House. We are, nevertheless, dissatisfied with the way the Government have handled this

situation and, again, we cannot accept the explanations they have given to us for the extraordinary delay in getting our qualifications accepted by UK and the EEC since 1978. After waiting for nine years, Mr Speaker, we are now told that only minor details were required. We trust that they will start giving this matter the expediency it merits and since we are today expected to recognise qualifications throughout the whole of the EEC and no one in the EEC accept ours, we hope that the Minister can confirm that we will have a date by which Gibraltar qualifications will be accepted by the EEC. The GSLP, Mr Speaker, have proved that their policy in this House has been one of continuous questioning until problems have been solved and solutions have finally reached fruition. The expenditure, however, estimated for the forthcoming financial year for the Medical Services is already proof, Mr Speaker, that the Government once again wish to maintain the status quo. They are only creating four new posts which are the result of the nursing review. This, Mr Speaker, is simply not enough. The Government must be seen to be making an initiative in implementing the recommendations of the experts, promises and promises that they will is typical of an AACR administration who have proved in their last forty years that their handling of a problem is to patch it up as much as possible. In this Budget, therefore, they are once again sitting on the fence. The report of the experts was submitted at the beginning of the year and they advised its very urgent implementation. The Government are still doing nothing about it. Although the Minister handed me a copy of it last Wednesday, it was on condition that I adhered to its confidentiality. We cannot therefore go into a debate about its contents. The GSLP believes, Mr Speaker, that the Government has had it long enough to have taken a decision on it already because of the urgency given to it by the team of experts who submitted it. This decision should have been announced in this Budget, this is the appropriate time and financial resources should have been made available in the Medical Vote. We cannot see how the AACR expect to do anything about the Report in the financial year for 1987/88. I am now, Mr Speaker, giving the Minister for Health notice that as soon as the major report is made public, I propose to bring a motion to this House to debate the matter. We believe that the economic restraints that the AACR have imposed within our essential services is therefore the result in which they have allowed the continuation of a system too outdated for today's requirements as it has been allowed to remain static and adverse to change. That the AACR want better Medical Services as stated by the Hon George Mascarenhas in his last TV political broadcast, is a totally different matter from providing it and they are certainly not going to provide it with the sort of Budget they have presented. The people cannot be fooled all of the time. We believe that in consonance with the GSLP's policy objective in a new and more efficient Government set-up, the Medical Services must necessarily undergo

their own organisational restructuring. New arrangements for an independent and autonomous body designed to become more efficient with a more direct control of its finances. A GSLP Government would immediately pursue, in the context of this new concept, consultations with the medical and nursing professions and the administrative side, so as to ensure cooperation from all the different sectors and the quick and smooth passage of the changes envisaged by us, Mr Speaker. In Opposition we have already taken the first step in a systematic approach to the identification of needs and priorities through our enquiries by meeting those directly involved or those directly affected within the Services. Naturally, we also realise that over the years Gibraltar has experienced a dramatic change in social developments whilst, on the other hand, there has been a constant decline in standards with the AACR, Mr Speaker, unwilling to effect the necessary changes and the finance required for expansion. For example, the trend in recent years shows a greater need for a greater proportion of the population; the elderly, the mentally ill, the handicapped and those with a drug addiction problem in the community. Advances in medical science provide a new approach to combat and treat illnesses and all this coupled with increasing health awareness by people today is bound to provoke even more demands on our Social Services in the near future. Again, Mr Speaker, primary health care is today recognised as an extremely important facet to any Health Scheme. Good primary care arrangements contribute to both the quality and cost-effectiveness of a health scheme. This is the view held by experts in UK and the EEC. The better its service, the less people requiring further and more specialised treatment. In Gibraltar, we have seen yet again that the resources and the arrangements at our Health Centre are both inadequate and insufficient reaching such deterioration that even the doctors and nurses themselves have been forced to take action in order that their complaints be heard. A primary health care physician is an important key element. Almost everyone who is in need of medical treatment goes to see a GP first, even those with social problems and their ability, Mr Speaker, to refer people to specialists bespeak of the important role they play. The GSLP is therefore very conscious of the resources and conditions prevailing at our Health Centre where there is an urgent need for more doctors and a different system and our plans here would be given prominence in our manifesto, Mr Speaker, as part of our overall commitment to the Medical Services. Another important new concept for the medical system is the part played by community nurses. If primary health care is to achieve the desired goals, then there must be a greater move to considering a person's wellbeing and in this the community nurse excels. The development in many countries of community nurses for the medically ill, the disabled, the handicapped and the mentally ill, has made it possible to care for more patients without admission to hospital. There is little, if no need, for more resources but rather a switch

within the present system so as to enable people to have a choice of being cared for at home rather than in hospital or a psychiatric unit. There is a strong feeling amongst people that they recover quicker or feel happier at home in familiar surroundings and that hence their quality of life is much better. Indeed, it is an accepted fact that the act of removing people from their homes for illness reasons or because they cannot be cared for by their family, hastens physical and mental deterioration. Events in many countries show that this concept is working very well and that in Gibraltar, Mr Speaker, it can be pursued as a first choice to those who prefer this new system and can be cared for by a community nurse. There are many people who want skilled attention and help from someone they have come to know and who has a little more time to listen to their problems than, for example, a doctor. And if a doctor at any time has to be called in, then he can rely on the community nurse to give him the clinical information. Therefore, Mr Speaker, community nursing must necessarily pursue an integrated approach with GP's, working together as a team, promoting primary health care to the fullest capacity available. There is no doubt, Mr Speaker, that the potential skills of nurses as health promoters are not being fully tapped by our community. There are a whole lot of constructive and positive reasons why Gibraltar should aim at a different approach on primary health care with the introduction of community nursing. The changes, however, advocated by a GSLP Government are not so much revolutionary but evolutionary, Mr Speaker, responding to present day demands and requirements, something which has been non-existent in our community before. Finally, therefore, Mr Speaker, on the Medical and Health Services, we feel that the AACR should ensure that it provides the contributors to the Health Scheme the best value for money. The public is entitled to this simply because it is their money going into the Scheme. When improving the services the Government must ensure that it does it in a way that not only meets the patients' needs but also the medical profession's needs. We believe that the individual members of the public as the recipients of the service are often in a unique position to qualify the delivery of the services. Therefore the many complaints brought to our attention in the last few years, Mr Speaker, together with those which have been publicly highlighted, prove that in stating that the Services have reached a very critical stage, we have not been exaggerating at all, something which the Government has accused us of in the past. And definitely, Mr Speaker, when we have said that the services are working well they have been for the reason that it has been solely because of the efforts and the dedication of all those people working within the Medical Services. So in looking generally at the three different areas, Medical and Health Services, Sport and Culture, there are still many problems which have not been tackled and which the Government are not going to solve as reflected in this Budget. Yet, Mr Speaker, the Government claim that the economy is

working satisfactorily and that in last year's Budget they went as far as to say that Gibraltar and the Gibraltarians will all benefit from the increased economic benefits specifically saying that our social standards would improve. This has not happened and the AACR do not seem to be concerned with the important social services which they have an obligation to provide to the community. Thank you, Mr Speaker.

MR SPEAKER:

May I invite another contributor to the debate?

HON CHIEF MINISTER:

The difficulty, I understand, Mr Speaker, is that if the Minister answers now he will not be able to reply to the intervention of whoever is shadowing for housing.

HON J E PILCHER:

Perhaps we could have another contributor, for example, on tourism as I have already mentioned a number of points which I would like answers to.

MR SPEAKER:

Well, it is not for me to say who is to speak next.

HON H J ZAMMITT:

Mr Speaker, Sir, I am delighted to start the ball rolling on tourism. Firstly, may I take advantage of my intervention in the Appropriation Bill to reply to some of the points that were raised during the Finance Bill. Mr Pilcher, Mr Speaker, said that I had not spoken on tourism in my intervention this morning on the Finance Bill and I will tell both him and the Opposition why this was not done. It was done deliberately because in the past it has been normal practice for the GSLP Members not to speak on the Finance Bill. In fact, if one looks at the Hansard of the Budget Session you will find that the Hon Mr Bossano commences by saying: "I will be answering on behalf of the Opposition Members on the Finance Bill and subsequently individual Members will be involving themselves with the departments for which they are responsible". Therefore, Mr Speaker, until yesterday evening one was under the impression that there would be two or three interventions from the other side and two or three interventions from this side but, alas, everybody has been roped in to participate. Mr Speaker, it was not done with any motive other than following this formula established since the GSLP took over the Opposition. In fact, if Members check they will find that it has occurred, certainly since 1984, and it is only this year that Members have intervened.

HON J E PILCHER:

I always speak on the Finance Bill, Mr Speaker.

HON H J ZAMMITT:

Mr Speaker, one of the points raised which obviously affects tourism and in which the Hon Mr Feetham spoke about was the question of the Sotogrande shopping complex presentation that he was invited to at the Holiday Inn. Mr Speaker, I can inform Members that we have to be extremely careful on that front and it is not that I say that by virtue of the seminar or the Sotogrande relationship, but in my very first meeting with the then new President of the Chamber of Commerce, Mr Sol Seruya, he came to see me to try to persuade me to conduct a more aggressive campaign, particularly in Spain, with a view to making Gibraltar the shopping area of Europe and, of course, whilst listening to him very patiently and, obviously, accepting his views - although I do not agree with them - I had to remind Mr Seruya precisely of what Mr Feetham said today and that is that Gibraltar today may still be somewhat attractive from the shopping point of view but that with the advent of the EEC and no doubt the consequences of EEC and of Spain within the EEC, then there was little doubt in my mind that very many of the goods today obtainable in Gibraltar will in the next three, four, five or six years be available in Spain and probably because they can buy in greater quantities than certainly the Gibraltar market can, the chances of them being able to offer much more competitive prices is not to be dismissed lightly. Therefore I would certainly not put my eggs in that basket and I feel that Gibraltar, apart from offering a shopping incentive to the excursionists or to Southern Spain or even Central Spain, we should not limit ourselves to the shopping element of Gibraltar alone because that has a saturation point that is bound to occur in the not too distant future be it five, ten or probably less years. But what we did have to do is precisely what we have been advocating, certainly for the last two years since the frontier opened fully and that is to portray Gibraltar in the international markets and particularly in the UK market for what it is and Gibraltar has today because of an open frontier situation a different acceptance within the travel trade than what it had with a closed frontier. Today Gibraltar is already being offered and sold reasonably successfully even in these early days, as a two and three-centre holidays. That is to say, Gibraltar/Spain/Morocco or any permutation of those three offering two continents and three different locations within this geographical area. That is what we are attempting to do both in the Spanish market and Members will see that we have made provision for other markets apart from UK but, in particular, and I would like to make this point very clear, what is interesting to the tourist trade and to Gibraltar is the hotel occupier.

Although we appreciate, Mr Speaker, the value of 2.8 million excursionists having crossed the frontier, although we value their contribution, we cannot deny that the greatest spread to the Gibraltar economy is certainly afforded by the tourist that spends nights in Gibraltar whereby the spread of his spending is shared out by the community to a much larger extent. Mr Speaker, events have shown that since the opening of the frontier there is a greater demand placed on Gibraltar both as a holiday resort, as a two or three-centre holiday and as a stepping stone by using the Gibraltar airport and we find that very many of the problems that we had years ago are still with us today because despite the number of increased flights that Gibraltar has been able to acquire over these last two years, it is impossible - and I can say this, Mr Speaker, on this very day, there is not a seat out of Gibraltar until after the 1st May nor is there a seat to Gibraltar until after the 1st May and that is with the number of flights that we are receiving in Gibraltar today. At the moment, Sir, we have six Air Europe flights from Gatwick, three from Manchester and one of those Manchester flights has a hop-on at Gatwick; we have eight GB Airways; five British Airways and two Thomsons charter flights, a total of twenty-four aircraft coming in a week. Mr Speaker, I don't think we can come out with bagpipes and bugles about this but it certainly is a tremendous improvement, certainly Mr Bossano can remember and I think Mr Feetham also because of his involvement in tourism, when we were limited to five flights a week. But we still have the same problem, we still have the same problem that people will tell us and write to us and complain that they cannot obtain seats on aircraft to Gibraltar. Mr Speaker, in my trips to England on the trade promotions I am constantly and I cannot emphasise this enough - I am constantly reminded by the travel trade of the difficulties they are encountering with Gibraltar. There is a great demand for coming here whether it be on a short stay and the spread between the three areas I have mentioned, but there is a demand for Gibraltar. They say to you quite openly: "It's impossible to get there, we just cannot find a seat, we have been trying for the last five weeks and we cannot get one", especially, may I say, from Manchester, planes are totally booked months ahead from Manchester. But, Mr Speaker, not only can they not find air seats, the tour operators who to me are possibly the most important of the whole tourist industry because they are the people who control, motivate and send people to wherever they wish, they will tell you that they are unable to contract beds. I am saying that, Mr Speaker, because of the hotel occupancy figures that the Hon Mr Feetham was mentioning earlier on. All the major tour operators are unable to secure more hotel beds in Gibraltar. The major tour operators are not interested in being given twenty beds a week, they would like to have 500 beds a week or more and what is occurring - I say this, Mr Speaker, because I think it is somewhat serious - is that they are finding that they are being

ousted, if anything, from the market and when analysed one sees the reason why they are being ousted. I think, without going into figures, that we have to accept that the negotiated price between a tour operator and a hotel is certainly not the price that is charged to a Mr and Mrs Smith who happen to walk into a hotel by chance and because there has been a demand on the chance client or guest, the hotel finds it much more advantageous to be able to part occupy his hotel at almost double the rate of what the tour operator is working for. But in doing so, Mr Speaker, I would warn hoteliers to be cautious because the initial opening of the frontier has brought about a number of people coming into Gibraltar by car looking for commercial openings, banking, finance and that, again, will some day come to an end. In being somewhat greedy in that attitude they might well kill the goose that lays the golden egg and tour operators might well find it much more advantageous to go elsewhere and then they might lament very much the actions that they are taking. But, of course, Mr Speaker, I am Minister for Tourism and they are the people that have the business acumen to do as they or their Boards or management so direct. Mr Speaker, mention was also made by the Hon Mr Pilcher of the hotel occupancy. Again, Mr Speaker, I think I have explained this here before. It is difficult to understand, and I will quote some examples. Let us take, for instance, last November when we had the Bob Geldorf, Alison Moyet, the Ark Royal pop music show, Geldorf, Moyet and Paul Young. Mr Speaker, during that period there was Autumn Spring, some exercise taking place.

HON J E PILCHER:

Autumn Train.

HON H J ZAMMITT:

Autumn Train or whatever it was. There wasn't an empty bed in Gibraltar. I know that is coincidental because that lasted all of possibly a week. Mr Speaker, I have had my staff in the Tourist Office ringing up the hotels asking for accommodation and they are told: "We are full up" only to find that at the end of the month the statistics reveal that there is 42% occupancy and when I have challenged them they come up with what I have been saying here for a number of years. Well, if you have a room, for arguments sake and I will quote, not necessarily that this is the culprit but I will quote one that I think everybody will accept by virtue of the franchise, Holiday Inn. Holiday Inn's franchise requires them to have rooms with two double beds. In their case 100% occupancy would require four people in that room. But, of course, if a single person occupies that room it is 25% occupancy. It is abnormal that one person because he occupies one-quarter bed value of the room you are given a return of 25% occupancy.

What we are saying now is that we are trying to get our legislation updated on the Statistics Ordinance so that the hotel furnish us with bed occupancy as opposed to room occupancy and then we will see the realistic reappraisal that Mr Feetham was mentioning as to how many hotels Gibraltar does or does not require. I can say that from our projections, despite the fact that we are accused of not having any policy on the future of tourism, our projection is that Gibraltar will and can absorb some 4,500 to a maximum of 5,000 hotel beds. That is the aim and that is said, Mr Speaker, because already the indications are that the amount of airlines and countries expressing a desire to use Gibraltar is very encouraging. I think, Mr Speaker, we are all aware that very recently Air Europe came to Gibraltar and announced their increased flights and more important to me was not just the increased flight capacity but the destination points which, I think, I have also mentioned before, I am constantly reminded of, particularly in Britain, that Birmingham, Manchester which is already proving more than successful, I think Air Europe are considering certainly within the next year or so flights out of Newcastle and Scotland. Mr Speaker, we recently heard that GB Airways are intending to buy their own aircraft and GB Airways have also filed applications to fly in from Birmingham, Frankfurt, Zurich, Geneva and Funchal. In addition, and this is quite encouraging I think, Mr Speaker, we find that Air Europe have filed applications to other European airports from London therefore making connections with Gibraltar possible without staying overnight in UK and that means that Air Europe will be able to fly, say, to Vienna or Rome to London an hour or two before the same company flies a 757 from Gatwick to Gibraltar so there is a connection which we have never had before other than, of course, when we had the old Madrid connection with British Airways. The winter operation, Mr Speaker - Air Europe are going to have a daily schedule service to UK and that, of course, is very encouraging. Things, Mr Speaker, in the tourist world are looking encouraging. I think that I am not blinded at all by the fact that because we are getting increased tourist arrivals and increased pedestrian tourist crossings that all is well. As I have mentioned before it is a matter of regret that some 10% of the people crossing the frontier as day excursionists actually make their way to our sites and that is a matter which we are in negotiation with on the other side of the frontier because there is a feeling that the tourists are being misguided by guides and drivers telling people what to do, what not to do, what is a rip off and what isn't a rip off, negating many Gibraltarians their livelihood purely for their own monetary advantage and that is a matter that we are looking at very, very carefully. Mr Speaker, recently we have had talks and meetings with members of the Mancomunidad of the Campo Area in an endeavour to see if it was possible to have joint advertising and I am afraid that we have not been able to make any headway at all. And we have not made any headway, Mr Speaker,

not because there is lack of goodwill or intention on our side. It was found that we, as Gibraltar, are well established internationally if not as a tourist resort as a quasi tourist resort and well established because of the image of the Rock throughout the world and we cannot be compared to any village in the surrounding area in any manner or form. They themselves accept the fact that people come down this far only because of Gibraltar and most certainly not because of La Linea or because of San Roque, they come here because there is a massive lump of Rock which is known internationally and therefore what we could not allow is for our image to be absorbed by an advertising campaign that would compare us with Jimena or Los Barrios or the like. Mr Speaker, that, of course, we probably could have accepted within the context of possibly the Southern Spain area and that is to try and bring the excursionists down from the Costa del Sol who are coming anyway but in the British field I think our advertising is very well established, very well known, not that I am happy, not that I have been happy and nor do I think I will ever be happy it doesn't matter how much money we were to pour into the advertising of which I will talk more about in a second. Mr Speaker, on the British side we still find that our hotel occupancy figures and our long-stay tourists which has dwindled because of the two and three-centre holiday, 94%-odd come from the British Isles. And then again, Mr Speaker, the figures are still more or less static on our previous experience and that is that over 40% of them are repeat traffic. There is an element within that framework of loyalty to Gibraltar in these people coming once or in some cases, twice a year. It is those people, I think, that deserve a particular word of thanks because it is those people who have been coming here during thick and thin, when Gibraltar was offering very little expansion and obviously when they have been here once or twice they have more than seen Gibraltar despite the fact that very few people, including very many Gibraltarians, have not seen all of Gibraltar. Mr Speaker, what we are aiming for now is precisely to portray Gibraltar with an image different to the image of our competitors in this area. We are trying to portray more and play more on ornithology, wild life, history, heritage, specialised incentive holidays such as bridge playing, military, tours, sporting activities and, of course, conferences. On conferences, Mr Speaker, there is little we can do at this stage unless and until we have adequate conference facilities and let us not kid ourselves we have no adequate conference facilities other than for very small conferences for no more than twenty or thirty. The Rock Hotel has a small conference room on the top floor but there is very little else and if we are talking of the conference centres that really would be beneficial to Gibraltar then of course we have to programme and we are programming for the construction of, in the private sector, of course, I think the Queensway development

is being channelled towards that, to have something capable of catering for 300 persons. Why is it so important? It is so important, Mr Speaker, because they normally have the conferences during the winter period or during what we call here our shoulder months, particularly during the months of January, February or March because as from April onwards we find that our bookings begin to rise, slightly ahead of Easter onwards then, of course, people do begin to go on holiday but during the shoulder months - I should talk about Christmas which is also a holiday period - is when we can take total advantage. Mr Speaker, we have worked out that it is cheaper for a conference with 300 delegates or so to come to Gibraltar and occupy a hotel than going from London to Blackpool by train and that kind of package is today being looked at very carefully by tour operators and particularly those who own their own aircraft and I need not go further into the kind of tour operator that I am talking about. Again there are prospects there of taking total advantage of a market that is a very profitable one. Profitable not just because of the conference but because invariably spouses accompany them, they are on holiday, they are good spenders and it is something that I think we can take advantage of. Mr Speaker, Members opposite will no doubt have noted the fact that we have increased the liner passenger tax from 30p to 50p. Of course, I suppose Members do accept that it affects every person that is landing in Gibraltar on a commercial vessel from any foreign port. Other than the Mons Calpe that was exempted from this, every other passenger does pay. Mr Speaker, there is an increase in cruising today and I do not know if it has been mentioned here but the usual evolution or cycle of evolution that occurs is that the up-market tourist that used to fly, and I think Hon Member referred that they were the shovel and bucket brigade, were the ones that went by cruise, it is now the other way around. It is the cruising people that are the well off and the fliers are the cheapest hence I am told that has created a slight devaluation of the elegance and charm of air hostesses which one doesn't seem to find today. There is a great surge for cruising and Gibraltar despite the fact, and I do not like to be interpreted as exaggerating about this, we accept totally that there is a great requirement to improve our Port facilities, indeed, our whole liner set-up and I think my colleague, Mr Canepa, will no doubt explain the Government's intention on the development of North Mole for liner passenger terminals and the like. I have had dealings with shipping lines who are very friendly with Gibraltar, Mr Speaker, but they have been quite honest to say that they are quite embarrassed by what they find and therefore we have to put our money where our mouth is to upgrade it and we intend to do that. Mr Speaker, I would also like to explain to the Hon Mr Pilcher that the fact that our passenger departure tax at the airport was not understandable by him was, of course, that this was increased in October or November last year.

HON J E PILCHER:

The Financial and Development Secretary explained it.

HON H J ZAMMITT:

I am sorry, I apologise, I was out of the House, I do apologise. Mr Speaker, one other point I would like to answer and that is Mr Mor's question concerning Miss Gibraltar. Without doubt, Mr Speaker, the present Miss Gibraltar is the most lovable and the most likeable person wearing a skirt that one could ever hope to meet. She really is lovely and I don't think we can ever recompense her for the tremendous work she did and she is loved by everybody that she has met. I had the pleasure of accompanying her shortly after.....

MR SPEAKER:

Let us not be carried away.

HON H J ZAMMITT:

Anyway I would like to say, Mr Speaker, that there are problems there, certainly not of the Tourist Office making and we are looking at the situation. I would like to remind the House, Mr Speaker, that a press release has been or is in the process of being issued concerning this very unpleasant situation. The situation is that for very many years the girls that took part in the Miss World Contest automatically went to the Miss Universe Contest and the whole cost of the travel arrangements for her and a chaperone were met by the Miss World organisation that were merged with the Miss Universe. That was the situation, Mr Speaker, when this lovely Miss Dominique Martinez stood for election as Miss Gibraltar and it was one of the agreements which is signed as the franchise holder with Miss World. But Miss Universe, companies within companies, has now decided that they are not going to pay anything at all and many countries have taken the same attitude as us. It is not a matter of saving money, it is a matter of principle because two countries, one is France, are taking legal action against the organisers for breach of contract. Mr Speaker, we have been asked by other countries to do exactly the same. I am not a trade unionist but I am told that the strength behind this is that it may cause some embarrassment if only one girl turns up for Miss Universe or none at all, but, Mr Speaker, that is the idea. Let it be absolutely clear that the Tourist Office will find the money if need be and sacrifice whatever, it can't be that expensive, to make sure that Miss Gibraltar is at Miss Universe if the other countries decide to be at Miss Universe but we do not want to be a lone fish there when other countries are taking a stand against this irregularity. We don't want a blackleg, that is right, Sir, with lovely white legs.

HON R MOR:

We are in agreement for the first time.

HON H J ZAMMITT:

Mr Speaker, recently the Tourist Office was invited to attend a travel agents conference in Scandinavia and, again, there is great interest and in the not too distant future I hope to be able to come and report to this House that we might have once again a Scandinavian airline or two Scandinavian airlines with some three or four tour operators working directly with Gibraltar from Norway, Sweden and, possibly, Denmark. They are quite encouraged, they are coming out here within the next couple of weeks to evaluate the product and, again, on a two or three-centre holiday we will take advantage of that. Mr Speaker, we have taken part in a number of trade fairs, the World Travel Market, we have participated in FITUR in Madrid and on the whole we try to keep up with the demands of the trade. I would like to emphasise that I am not stubborn in the projection of tourism. I have always said that I could only be accused and I will take total responsibility for trying anything and if anybody comes up with a new idea or a new suggestion, if it is thought at least reasonably viable and intelligent let's have a bash at it. What I will not allow is to be accused of not trying. There are very many aspects to Gibraltar and no doubt I will be questioned later on, Mr Speaker, on various items at the Committee Stage but I will not allow this opportunity to go by without referring to the great number of compliments that the Gibraltar Tourist Office receives about the people of Gibraltar, about the friendliness of the people of Gibraltar, about the safety aspect of being able to walk around at any time of day or night without being mugged, robbed or raped - some say it is not worth coming, Mr Speaker. However, they find great friendship, they find a tremendous amount of things in Gibraltar that we have to exploit but the overlying criticism, Mr Speaker, is one of scruffiness and I cannot emphasise this often enough. We are accused of lacking total civic consciousness, of a couldn't care less attitude and it is a great shame that there seems to be an attitude of 'I couldn't care less, somebody else is bound to come along and sweep up, clean up or rub out'. Hon Members have only got to walk down the steps from this House of ours and look into that fountain, Mr Speaker, where you find every possible can.....

MR SPEAKER:

Let us not go into details.

HON H J ZAMMITT:

Mr Speaker, what I am trying to emphasise, Sir, with respect, is that one must get the message over to the people of Gibraltar and it is filthy and scruffy because we are careless, let us not point a finger at anybody else, Mr Speaker. I think that it is high time that people realised that with very little effort Gibraltar could be a much nicer place to live in for all of us and, particularly, if we are to attract tourists to Gibraltar. Mr Speaker, I would like to end up by saying that I am now delighted to have a new Director of Tourism, a man totally committed to Gibraltar, a man who from the moment he came and took up office extended the hand of friendship to every single person in the trade, to the press and to all the relevant tourist trade and a man who requires assistance in his very difficult task. I am very grateful for his enthusiasm, I am sure that in the not too distant future he will be able to show once again that there is no need to have to import talent to Gibraltar that, if anything, some Gibraltarians are very good to be exported because they are of a much higher calibre than very many people that we ask to come here and tell us how to run a particular department. Mr Speaker, I would like to thank the whole of my department not just the Tourist Office staff but the industrials and everyone for their unstinting support and endeavours in sorting out the problems that we have faced, particularly over the last couple of weeks with additional aircraft coming to Gibraltar at almost every time of day or night as a result of circumstances which I will not go into. They have done Gibraltar proud, they have worked very hard and I am very grateful that what many of us thought would be problems the whole stream has gone through without a hitch and I think it is commendable that some of those people worked for a number of hours and gave their heart and soul towards it. Mr Speaker, there is little more than I can contribute other than to say that we are committed to tourism, we do know the value of tourism, the Government accepts as anybody else in this House must accept that tourism is becoming more important as an industry to Gibraltar and, as I said, at the last Budget speech and the Budget speech before that and before that, Mr Speaker, it will not take too long, it will be but a matter of two or three or four years before the main pillar of our economy is tourism and the quicker that people awake to that concept the better. Already one sees the value and the contribution of tourism as a whole to the economy and I think that it requires a much more serious approach than has hitherto been given to it and total advantage must be taken of our geographical position and what we have to offer. We have a gem and if exploited properly we have something which is unique and we must take total advantage for our own benefit and the benefit of our children. Thank you, Mr Speaker.

HON J L BALDACHINO:

Mr Speaker, in looking at the Budget as Opposition spokesman for Housing, I must start off by saying that the GSLP sees no reflection in the kind of initiative that is required to make a real impact in resolving Gibraltar's housing problem which is the most serious social one and the greatest threat to Gibraltar's political integrity. In showing how this matter should be approached, Mr Speaker, I would like to express our analysis and the kind of work that the Government should have done in all the years that they have been in power and which they have failed to do. There are so many important different areas related to housing that I will need to separate them into different sections which are the following: public sector housing; maintenance; the homeless; Gibraltarians living in Spain; luxury flats; the AACR's approach to housing; Bills and the Landlord and Tenant Ordinance; and lastly, Mr Speaker, the manner in which a GSLP Government would tackle the very urgent housing problem and our policy objectives and commitments generally on housing. I will therefore start with public sector housing, Mr Speaker. The figures given to me by the Government in answer to the many questions I have asked in this House prove that the housing situation has worsened considerably since the last elections in 1984. This is due to the simple reason that the Government have lost 184 houses from their rent roll and on the other hand they have only built 84 new units. This therefore leaves them short of 100 units in the housing stock. When we look at the Housing Consultancy Report submitted by an ODA team of experts, we are told that the Government needs to build at the rate of fifty units per year only to be able to contain the situation, let alone improve it. The reality, therefore, is that the AACR have built in three years 84 units. This rate of building is totally inadequate, the experts have said it is inadequate and in any case, Mr Speaker, no one needs to be an expert to know this. This is an extremely unsatisfactory performance by a Government who claim to have an approach to housing. I also require, Mr Speaker, to highlight the sub-standard conditions prevailing in many of the Government's existing rented accommodation such places as, for example, North Gorge, Town Range, Gavino's Dwellings, and all those pre-war dwellings allocated to social cases. The Government has confirmed to us the following: there are 788 Government communal services tenements without bathrooms and requiring shared toilet facilities; in the order of 100 Government dwellings without running water; 100 pre-war flats without bathrooms; there are between 60 to 65 dwellings that in the opinion of the Chief Environmental Health Officer would be declared unfit for human habitation by a Court of Summary Jurisdiction. The conclusion anyone can draw from these sub-standard conditions is that in looking at the housing stock we must be aware that the building of fifty units a year is, in fact, the bare minimum because if there were a requirement in Gibraltar, such

as has existed in the United Kingdom Housing Acts for the last thirty years, to engage in slum clearance, then many of these houses in the Government stock would be classified as slums and the figure of fifty units minimum per year would be much higher. On maintenance, my next point, Mr Speaker, very little has been done by the Government and proof of this is the deterioration of many estates especially, for example, the Police Barracks where they are now estimating they will require to spend a total figure of over £4m. However, out of this figure the Government are intending to spend during this financial year less than half. We therefore believe that the insufficiency of the provision for maintenance by the Government in all the years they have been in power is responsible for the poor state of the housing stock which, invariably, means that urgent action needs to be taken at much greater expense when things have gone beyond the point of no return. If they spent more money in maintaining houses, keeping them in a good standard, in the long run it would turn out to be much cheaper and part of the money being spent today on major works could be used to finance the very much needed houses. I now move on to the ever-increasing problem of the homeless and I would like to draw the attention of the House, Mr Speaker, that in designating 1987 as the International Year of Shelter for the Homeless, the United Nations Organisation recognises Housing as a basic human need. Yet, in Gibraltar, the Government do not make it a legal obligation to provide accommodation for persons in this category as is the case in most of the European Community countries today. Officially, we have been told by the Government that the figure stands at thirteen, though we believe this to be a conservative estimate. The group confirmed by Government is made up as follows - four families; three married couples with no children; five single persons; one mother with one child. Already two married couples, one with two children, are living in a motorcar. The trend for the composition of the homeless, therefore, seems to be in the increase for the newly married couples whose only alternative today is to either declare themselves homeless in Gibraltar or seek accommodation in the neighbouring territory. This now brings me to my next subject - Gibraltarians living in the neighbouring territory. Sixty is now shown in the Employment Survey laid before the House by the Minister for Labour. The GSLP, Mr Speaker, does not consider this figure to be at all realistic. We know there must be many more as we are being constantly approached by persons expressing a desire to live in Gibraltar. These persons tell us that they have been forced to seek accommodation outside Gibraltar because they would need to wait at least twenty years before being able to get a Government flat and they can neither afford to pay the rents being asked by the private landlords today. We have a situation today, Mr Speaker, where on the one hand many people have no choice but to leave Gibraltar because they would alternatively be homeless

and, on the other, the Government are stripping them of certain rights in Gibraltar because they are not resident here. At this point I come to my fifth subject - Luxury Flats. The AACR's policy is to attract wealthy outsiders to buy property and retire here and it is to these people that they are actually giving all the benefits. Moreover, they will burden our already over stretched services and infrastructure and as EEC Nationals they acquire certain rights which in the long run mean a further burden on the public purse. So we actually have not only a very immoral situation but also a very serious economic and political one as Gibraltarians are being forced to move out of their homeland, spend most of their money outside, lose rights for their dependents in the case of education and medical services, together with their voting rights. Yet, on the other hand, we have incentives to attract wealthy retired persons, entitled to all of these rights and more through tax benefits the Government are intending to introduce. Mr Speaker, the GSLP cannot understand how the AACR can defend this policy and definitely in the future it is bound to present us with political and social threats in relation to our identity as a people. The AACR's approach to Housing - On this subject I will start by saying that with the information I have already outlined, the GSLP is convinced that they have practically none. If one reads the propaganda material they have circulated all over Gibraltar including it even inside a Gibraltar Chronicle issue, it is obvious that the Government is hoping to raise money by selling flats to sitting tenants in their more select housing estates starting with Rosia Dale. However, by looking at this year's Estimates, it appears that agreement has not yet been finalised with the sitting tenants for the amount the Government are estimating they will collect in rent is the same as the previous year, £3,855,000. I already obtained information from the Housing Department in February of last year on the yearly rental charge of those houses intended for sale so it is an easy exercise to deduct the expected loss in revenue. This they have not done and yet under Head 103 of the Improvement and Development Fund, Subhead 1 - Receipts - they show a revenue of £1,300,000 on the sale of Government properties. This exercise, Mr Speaker, is therefore a conflicting and misleading one. Moreover, the figure of £1.3m is questionable when they have not even started to sell what they intended to at Rosia Dale. This, in turn, puts into jeopardy the Development Project they also mention in their Approach to Housing leaflet which is Engineer House. They are expecting to build these flats with the money raised by the sale to sitting tenants. At this rate, Mr Speaker, the housing problem will never be solved even if the AACR were to be in Government for another forty years. However, in the statement made by the Hon George Mascarenhas in a television programme on housing this year, he claimed that the AACR would break the back of the housing problem in Gibraltar within

a period of four years. The fact that these two very conflicting positions can be reconciled is because what the Hon Mr Mascarenhas was claiming for the AACR was the credit for private developments, for example, Vineyard and Northview Terrace and that every housing development were homes which have been sold to local people notwithstanding the fact that in their own housing public leaflet the Housing Manager confirms that not one single Government house has been released as a result of these private sales. The Minister also stated in his recent television political broadcast that the AACR want better housing and the Hon Brian Perez - and I saw his political broadcast much to the disagreement of my son, I must say - last week on television said that we would need to wait and see what there is for housing and medical services at Budget time, he can check the tape. He is nodding his head, he can check the tape.

HON J B PEREZ:

I haven't got the speech here with me but I am sure that is correct.

HON J L BALDACHINO:

He was watching the football. Mr Speaker, this Budget does not even begin to tackle these two very critical areas. Ironically when the Government are making reference to wanting better medical services and housing, they are clearly admitting both are deficient. The shameful thing in this Budget is that the figures presented by the Government show there is no plan for expenditure on houses for rent. Is the Government telling the people of Gibraltar and this House that the stock of Government rented accommodation is too large and that their policy is not to increase it but to reduce it by not replacing the houses that are being sold? How much money they are expecting to collect, as I have said before, carries a big question mark, judging by the AACR's performance in the past. For example, if one looks at the latest Principal Auditor's Report his comments lend weight to our argument. Under paragraph 30 on Home Ownership Scheme, he says that delays in implementing this policy is due to the fact that very little of the money has yet been collected of the thirty properties they have put up for sale since 1982. In any case, Mr Speaker, that people are given the opportunity to buy their houses does not necessarily mean that we do not need more houses to rent. We need more houses to rent and more to sell, we need more of both. Even if they were prepared to increase the stock of rented houses, how many units can they expect to build when they have had so much difficulty in collecting the money due to delays on their part. The centrepiece of their policy, Mr Speaker, appears to be the so-called rotating of existing housing stock as Government tenants move out into newly built

flats which they purchase from the Government. That is the plan for Engineer House. The GSLP does not think that this will work if we are talking about building a maximum of sixty units for £1¹/₂m and assuming that they manage to achieve this, the average cost per unit is in the region of £27,000. The Minister for Economic Development has already said in this House that these units will be offered, in the first instance, to people currently occupying Government flats who will hand them back to the Government for re-renting; that the houses will be offered to these tenants at cost price, that is, £27,000; that if there are not enough tenants then it will be offered to those in the waiting list and if not enough purchases come from the waiting list, then they will be rented. Mr Speaker, we cannot see many existing Government tenants wanting to give up their accommodation and take on what could prove to be an expensive commitment of a £27,000 mortgage. And if this element fails, then the whole idea of rotating the housing stock will never get off the ground. Now, Mr Speaker, I turn to the Bills. The Government have recently brought a Bill to this House titled the Income Tax (Amendment) Ordinance, 1987. This Bill seeks to give a tax incentive for outsiders whose income is over £20,000 a year and the only requirement is that they own a property in Gibraltar and live in it for a period of thirty days in one year. This new facility in turn gives an incentive to landlords in Gibraltar to demolish old buildings rather than repair them so that they can build luxury flats and sell them to this new class of resident individuals. Additionally, under the Landlord and Tenant Ordinance, landlords are not required to rehouse their tenants if the building has to be demolished. There is no provision in the law as already proved in the recent court case on the house in Parliament Lane. This would worsen the housing situation for Gibraltarians and the Government should legislate to protect those tenants finding themselves in this predicament. The Government also has a Bill to amend the Labour from Abroad Ordinance. We have studied it very carefully, Mr Speaker, as we do with all Bills, and believe there are implications involved and if the Government intend to proceed with it we would want them to answer quite a number of points at the appropriate time. On the public health aspect of this Bill, we have already expressed our concern that 396 dwellings from the labour from abroad will not need to be approved by the Health Authorities and we are certainly not happy with the decline in our health standards this would constitute. There is another Bill, Mr Speaker, and I would also like the Government to say if they intend to proceed with it or not and that is an amendment to the Landlord and Tenant Ordinance for business tenants. Finally, Mr Speaker, the GSLP believes that alternatives must be presented to the electorate, therefore I will start by saying that housing will figure as our top priority. The GSLP will state

how much money it will spend on new housing within its first four-year term of office and how many houses would be started in year one, year two, year three and year four. This will be spelt out in our election manifesto. This kind of specific and clearcut commitment, which the AACR have never included in any election manifesto, means that we as a Party are prepared to take on the responsibility as a Government of solving the housing problem of Gibraltar and providing the Gibraltarian people with a roof over their heads. The Members on the opposite side, Mr Speaker, expect the private sector to do the job for them and hope to get away in taking the credit politically for the efforts of others. The commitment to a programme substantial enough to make a real impact on the housing waiting list is the only way that we can promise people the end to the housing crisis. This programme committing the Party to producing a specific number of houses in a given period of time will form the background of a comprehensive policy on housing which will promote home ownership as well as rented accommodation and will redress some of the imbalances in the private sector in the relationship between landlords and tenants. There must be one comprehensive policy, Mr Speaker, covering public and private houses, rented and owner-occupier, if sense is to be made out of the chaos created by the AACR in their years in Government. It is a pity for the homeless, for the people forced to live in Spain and those in the housing waiting list that even on the eve of an election, the AACR is incapable of coming up with any answers and this Budget, Mr Speaker, must rank as a major disappointment for those in need of houses in Gibraltar today.

MR SPEAKER:

I think this is an appropriate time to recess until tomorrow morning at 10.30.

The House recessed at 8.10 pm.

WEDNESDAY THE 29TH APRIL, 1987

The House resumed at 10.40 am.

MR SPEAKER:

I will remind Members that we are still on the Second Reading of the Appropriation Bill and I invite the next contributor to take the floor.

HON M K FEATHERSTONE:

Mr Speaker, the Hon Mr Baldachino last night made a number of points which I will try and resolve for him. He started off by saying there was no initiative taken

by Government to make an impact. Over the past ten years there has been an impact in housing except for the past two or three years, mainly financed by moneys from the ODA but as the House is well aware the ODA has set its face against giving us any more money for social projects and in the past three years the Gibraltar Government has not had very much money itself to spend on housing and that is the main reason why there has not been so great an impact on public housing as we would have liked. But it is the Government's approach now and an enlightened approach, I would say, to make an impact on housing by the home ownership schemes the basis being that people should be assisted to purchase their own homes. This scheme has already started to get off the ground with the housing at Calpe Hostel where some fifty houses have been built and have been purchased by Gibraltarians and they are now their own home owners. The scheme is going to be widened by the present build at Vineyard where, again, home ownership is the idea and Government contributes towards this by not exacting a heavy premium for the actual terrain on which the houses are being built. I think at Vineyards we have not charged anything for the land itself on the agreement by the developers that they will keep the price of housing down to a reasonable figure. Mr Baldachino talked about sub-standard conditions at North Gorge, Gavino's, Town Range and other pre-war houses allocated to social cases. With this, to some extent, I would agree. North Gorge is a particularly difficult area because on three occasions, to my knowledge, the Public Works Department have done considerable work up there and why I don't know but for some reason or other all the work is thrown into dust within a very short period of time. The water heaters that were fitted there were vandalised completely; the electric switches were vandalised, the showers were vandalised, the toilets were broken; who does it? Nobody seems to know but it does seem to happen and then, of course, the tenants - and many of them are responsible tenants - come to the Department and say: "Look at the poor conditions in which we are living". Once again I have had a report from the Environmental Health Department on the conditions at North Gorge, this has been passed through to Public Works and it is hoped that we will make a start on one more attempt to get the place into a decent state of repair and I would hope that the tenants will organise themselves to see that it remains in a decent state of repair. It is a pity when all the hard work that is put in in repairing the area falls to the ground very quickly. The same is applicable in Town Range. In the area of Town Range we have a number of tenants some of whom are drug addicts but they have to be housed and they have created a turmoil in the Town Range flats which is pitiful to see. There are some reasonable tenants there and they are very hard pressed to try and bear up with the difficulties that they have to undergo because of their neighbours. Many other pre-war houses are in a very poor condition and in many instances they are

given to social cases who have undertaken themselves to rehabilitate the property. They go in with the knowledge that the property is in a deteriorating condition and yet they are willing to undertake the rehabilitation themselves in order to get a roof over their heads. The Housing Department assists these people by giving materials to help them with the work and in many instances a dilapidated property has been turned into something of a reasonable standard. If everyone was to devolve on to the Public Works Department, it would mean that quite a lot of these properties would remain empty for a considerable period of time and the people who are housed would be in more serious circumstances than they are even in the rather rundown properties that they take over. Mr Baldachino said that very little has been done on maintenance, there is deterioration in many estates especially the Police Barracks. Well, last year some £1.6m was spent on maintenance of Government housing. This, I accept, is not sufficient but it is within the budget of the Government. There is a rule of thumb which says you should spend 2% to 2½% of the value of a property on its maintenance annually. This is not being spent in Gibraltar. I think the figure we are spending is somewhere between 1% and 1½% and we should, if possible, increase the maintenance and this year we are going to spend a considerable sum of money apart from the normal figure of £1.6m which is put in for the maintenance in the Housing Vote, there is in the I&D Fund some £400,000--odd to be spent on painting the estates. I think once the estates are painted then the maintenance will not look nearly so bad as it does at the moment with walls flaking, paint falling off and plaster showing through. Mr Baldachino said that 1987 was the International Year of the Homeless. Well, there is no statutory obligation of Gibraltar to fall in with the directives of that Year of the Homeless and so to do might bring in its train quite a number of difficulties. We get instances in Gibraltar where people make themselves homeless. I say this because we know of certain instances in which people are living with their in-laws and they come and tell us that they have had a bust up, they have been thrown out of the house by the father-in-law, they have nowhere to go, they are homeless. Whether this is a genuine social explosion within the home or whether it is a put-up job to try and get some type of accommodation from Government is open to question but we have had instances where we know that this is the case. I know it is difficult to live with in-laws in a confined flat for long periods of time but that is preferable to being out on the streets and homeless and one cannot always expect Government to come and meet the situation when people do have a little trouble at home and in a fit of temper walk out and say: "I won't live here anymore". Regarding the actual people who are homeless, we take as lenient a view as we can with squatters. We give them a reasonable time before we evict them, time in which they could patch up their family quarrels and

return to the parental home but we are looking into a suggestion made to us by Action for Housing that we should find some form of premises where immediate homeless cases could be housed. We haven't got a place yet but we hope to find one in the not too distant future. It may be that this will be a form of dormitory in which the men will have to sleep in one room and the women and children in another because we will not be able to give one room to each family nor will they have all the facilities that they would like. There will not be cooking facilities, there will be washing and toilet facilities, of course. But this will have to be on a temporary basis, it is not as happens so often, one of those things that one would like to see started as a temporary measure and turned into a permanent feature. Mr Baldachino queried the number of Gibraltarians living in Spain and said that he thinks that sixty is not a realistic figure. I tend to agree with him, I think it is a greater number than sixty but some people find that that is their solution and if they take it, perhaps albeit on a temporary basis, then, perhaps, they are making the best of a not too happy situation. Mr Baldachino said that the AACR policy is to build luxury flats for imported persons to come and live in and that these people contribute nothing towards the economy. They do make something towards the economy, they spend their money here, it is better perhaps they spend it in Gibraltar than on the Costa del Sol but I don't think it is fair to say that we are only interested in luxury flats being built. As I have said before, we have had the flats built at the Calpe Hostel, they weren't luxury flats, they have all been occupied by Gibraltarians; Vineyard, again they are not luxury flats, they will in the main be occupied by Gibraltarians and the planned filling-in of Montagu Basin and the building there of low cost flats is also another area in which the needs of the Gibraltarian can be met. We feel that home ownership is the way ahead and we are doing our utmost to help it. In the Montagu Basin we will be helping by giving the area free of charge and paying for the infrastructure which is the sewage, the electricity, the water and what have you. So that if a modicum of luxury flats are built this, I think, is not in any way detracting from our efforts to house the Gibraltarians themselves. We are told we have no policy on housing. There is something which I didn't quite understand in the notes that have been given to me - 'no agreement with sitting tenants'. Well, if you are living in rent restricted accommodation you have all the protection in the world. You have yourself, your wife and one of your.....

HON A J CANEPA:

That is in respect of the sales.

HON M K FEATHERSTONE:

I understand this is to do with the sales of the property. Well, then this will be dealt with by my friend the Minister for Economic Development. The GSLP say that they have alternatives, that they will present to the electorate as a top priority in their manifesto how much is to be spent on housing, how many houses are to be built in each year and how it is to be done. Well, we will see it in the manifesto when it comes but I would tell them that - to take the line from the Hon Financial Secretary, Rabbie Burns said: "The best laid plans of mice and men are apt to gang awa'". It may be very nice in a manifesto to say 'we are going to do this, we are going to do that, we are going to do the other' but circumstances can often come along and upset the schemes that you have. As for ourselves in housing this year we are going to spend some £1.7m with a carry-over of £3m to future years. I hope it is not going to be said by the Hon Mr Bossano that because we start a scheme which we intend to carry over into 1988 we are doing something wrong. The schemes this year of consequence are - a build of some sixty units at Engineer House and a complete refurbishment of 30, Castle Road which is what is known as the Police Barracks. There is also a build of some twenty units at Catalan Bay where with these twenty units the housing problem of the village should be solved at least for a considerable period of time to come. Another area where we will be spending money this year is on the reprovision of the lift at Alameda Estate. The lifts there are now well into their dotage and should be refurbished and put into a good state of order. We are not shirking our responsibilities in housing, we are saying what we are going to do, what we are going to spend. We are going to spend £1.7m with a carry-over of £3.3m into the future. This, I think, should make some impact on the housing situation. I accept that housing is one of the most difficult situations in Gibraltar. There is no easy solution, there is no easy solution to the housing situation in Britain or in any other part of the world. Housing is always something of which you can build more and more and still have a demand. As I have said, the ODA assistance for housing has dried up, we are now on our own resources. This year we have more money with which to play and we are spending a considerable amount more on housing than we have done of late and I hope it will give the lie to the GSLP claim that we have no interest in housing whatsoever. Turning to the Medical Services, Sir. Projected spending this year is up by some million pounds on the budget estimate of last year. I read the other day in a newspaper that the cost of the National Health Service in the United Kingdom is some £17,000m. If you take a population of some sixty million in the United Kingdom that works out at about £280 a head. In Gibraltar we are going to spend some £7.6m on the

Medical Services and if you take the number of people covered by the General Health Scheme in Gibraltar, that works out to roughly £290 a head so we are spending, perhaps, a little bit more than the United Kingdom but even if it was not the little bit more we are spending the same as the United Kingdom and you could say we have parity with the United Kingdom. But one interesting point I would like to bring up is that we have parity of spending with the United Kingdom but not parity of services. I attended a dinner last night at which a number of eminent surgeons were present and one of them was telling me about the situation in the town in which he lived, a town of some 150,000 persons. There they have a waiting list for a prostate operation which runs between four and five years. In Gibraltar it is approximately four weeks. There they have a waiting list for patients who want an artificial hip fitted which runs to two to three years, in Gibraltar it runs to two to three months. There they have a waiting list to see an orthopaedic surgeon just for the initial interview let alone the surgical operation that may be required afterwards, a waiting list of some two years, here you can see an orthopaedic surgeon within a matter of weeks. So that I think, with all the misgivings that seem to be evinced by the Hon Mari Montegriffo about our Medical Services, we are not doing so bad a job when you compare it with the United Kingdom. The Hon Mari Montegriffo mentioned the question of nurses being accepted by the EEC. I have now had a letter from the Nursing Authority in England which says that for those nurses currently in training or who have completed training, as long as they make up the deficiencies in the practical experience of the EEC curriculum and do three to six months consolidation in the general wards of St Bernard's Hospital and are recommended by the Senior Staff of the Hospital to the Nursing Association in Britain, they will be accepted as State Registered Nurses under the British system. As far as nurses who start or who have just started their courses in January, 1987, as long as the curriculum complies with the EEC curriculum and they do a three month period of consolidation in the wards and obtain a recommendation of their Senior Head of Department, then it will be looked on favourably by the Nursing Association in Great Britain to be accepted. So this is a step forward. The hope that we have is that we will receive from the United Kingdom shortly, and I have been saying this for some little time but it doesn't rest in my hands, the report of the whole nursing situation in our Hospitals and there may be a way round the need to have recommendations from Gibraltar to the United Kingdom and it may be done automatically but at the moment it cannot be done automatically, recommendations are required.

HON J BOSSANO:

If the Hon Member will give way, I would like him to clarify. Is he saying that provided the people in charge of the education here are satisfied that the standard has been achieved there will be no need to do a further period in UK after passing the Gibraltar Registered Nurse exams? Is he saying that?

HON M K FEATHERSTONE:

That further period which was before necessary to be done in the UK will be done in St Bernard's Hospital here. It will be a period for those who have just qualified of three to six months, but for those who in the future will follow the EEC curriculum it will be a period of consolidation of three months in the St Bernard's Hospital here, there will be no need to go to the UK. One of the new features in this year's Budget is that we are aiming to have a Dietician and we are hoping to give syringes free to diabetics as part of the policy of protecting people against the possibility of AIDS. The question of AIDS at the moment is that the leaflets that we are going to send to all the houses are, at the moment, at the printers. We have seen the first proof, there were a number of proofing errors, these are being corrected and the final printing should be in our hands within a fortnight. They will then be distributed to all the homes in Gibraltar and at the same time there is going to be a measure of propaganda, we hope, over the television telling people all about it. Regarding diabetics, I have had a number of discussions with the Diabetic Association and they have suggested that the Gibraltar Government should give diabetics free prescriptions for insulin. We are quantifying this at the moment and if it is at all possible we will accede to their request but I cannot give the promise yet that this can be done, it will depend on what it is going to cost us. The Hon Mari Montegriffo in her contribution once again referred to the alleged shortages at St Bernard's Hospital of various items. I thought we had laid that bogey to rest in the last House. There are no basic shortages.....

HON MISS M I MONTEGRIFFO:

I wasn't referring that we were alleging the shortages, I was just making reference to the fact that we actually highlighted the alleged shortages by somebody who wasn't from the Party, somebody from outside. It wasn't an allegation from the GSLP, Mr Speaker.

HON M K FEATHERSTONE:

Well, the alleged shortages by some other person, I thought we had laid that bogey to rest. There are no specific shortages at the Hospital other than those which would occur naturally, from time to time. I think one of the things that was said was there was no dettol in the Hospital. I am not sure whether dettol is of general use in the Hospital, I know it is not of general use in a number of Hospitals in England so perhaps you could always say there is a shortage of dettol in the Westminster Hospital or Charing Cross Hospital, etc. Sir, this may be the last Budget Estimates to be presented in the House in the way it has been presented hitherto because we have had, as the House is well aware, a review of our Medical Services by a three man team from London. They looked into the situation very carefully, their report has been received, has been the study of a special committee of members of the civil service to present to Government and Government is still actually studying the situation. Basically the Government has accepted the broad principles of the review's recommendations. These include the following: there should be the establishment of a Gibraltar Health Authority which would be responsible for overall policy making and planning; the Authority would be autonomous and thus the Health Services would be divorced from the present civil service set-up and would run as a separate unit receiving a subvention from Government at Budget time each year and, of course, presenting its accounts to the Government. There are a number of factors.... Did you want me to give way?

HON J L BALDACHINO:

I don't want to stop his flow but will he give way because I want to make reference to something he said?

HON M K FEATHERSTONE:

Yes, I will give way. As I was saying, there are a number of factors in the setting up of a Health Authority, what is going to happen to the actual personnel employed in the Hospital? As far as the nurses and doctors are concerned, they can quite easily be absorbed into a Health Authority as such but as far as the clerical staff is concerned, will they remain civil servants? Will they become servants of the Health Authority as such or will they come into the Health Authority on secondment for a specific period from the civil service? This is something which has yet to be ironed out and we are actually discussing the situation with the different service organisations to get their views on the matter. There will be a Committee of eight persons chaired by the Minister of Health and that Committee would include three lay persons, one being a trade unionist and this

committee would lay down the policy of the Medical Services in Gibraltar and the Medical Services in Gibraltar would be specifically services of medicine and would not include environmental health, that would become divorced from the Medical Services in Gibraltar whereas at the moment it is under the same umbrella. There would be a General Manager to be appointed to run the Medical Services and he would chair a Management Board. The Management Board would consist of the Finance Officer, the General Manager of the Hospital, the General Manager of the Primary Health Care Services, the Director of Nursing Services and one or two other senior officials. There would also be a Medical Staff Committee consisting of all the medical staff and chaired alternately by a consultant and by a general practitioner. Private practice could be undertaken by the part-time consultant staff subject to terms to be agreed with the General Manager. A specialist in geriatrics should be appointed as soon as possible. The team that came out here felt that we were doing too much for geriatrics in the Hospital and that there was a greater need for geriatric patients to remain in the home but to be seen by a geriatrician on occasions and by more district nurses and health workers. They feel that the number of geriatrics we have in Hospital is considerably higher than the same number in the United Kingdom and they would look to more treatment of geriatric patients in the home than in the Hospital. They suggest, Sir, that a new Hospital to be built opposite the Royal Naval Hospital should be planned and this should incorporate all the present Hospitals in Gibraltar under one roof. The King George V Hospital would move into one wing of the new Hospital and St Bernard's would take the rest of it. The Hospital would be planned for some 190 beds which is a little bit lower than the present number that we have but they feel, as they say, that the number of beds which we devote at the moment to geriatric patients is too high. More general practitioners should be recruited for the Group Practice Medical Scheme and the cost of these should be defrayed by a restricted drugs list for prescriptions. The idea behind that is that if you give a prescription for valium which costs approximately £1.30 for 100 tablets, you can get a prescription for a chemical called Diazepam which is about 30p for 100 tablets and it is exactly the same chemical, only one has the trade name and the other is the generic name. The idea is to put into effect a restricted drug list, if possible, by July this year. It will mean that patients will get tablets given to them which are just as effective, just as efficient but will not carry the trade name or the trade mark on the tablet but this is something that has been tried in England and has been successful in bringing down the cost of drugs. We hope to recruit two more general practitioners in the fairly near future by reducing the cost of drugs and the idea of increasing the total number to thirteen as suggested by the medical team will have to be looked into. The medical team also made the suggestion that there should be, perhaps, another

Health Centre in the south district. This is something we shall have to look at, we would have to find premises but it is something which is for consideration. The primary care of patients should be developed with more district nurses and more health visitors. All these measures that the team have suggested are going to cost a modicum of extra expenditure in the health budget. We have given a preliminary costing of some £270,000. This, I feel, would not be badly spent if we can get our medical services geared up to the higher standard that the review team would like to see. I presume to have a Gibraltar Health Authority. We would have to bring a Bill to this House establishing the Authority as such and this will be looked into in the fairly near future. I will now give way to the Hon Mr Baldachino.

HON J L BALDACHINO:

Earlier on, Mr Speaker, on the contribution of the Hon Member on housing, he referred to the Calpe Hostel and Vineyard projects. Yesterday in my contribution what I said was that we needed more houses for home ownership and more houses for rental. Taking into consideration what the Hon Member said when he referred to the United Kingdom housing situation at the moment, I would like to make some reference and make the Hon Member aware of the situation there in case he doesn't know because I have read and I take an interest in what happens in housing in other countries and there is a parallel even though the reasons might not be the same for doing what the Government in Gibraltar is doing now and why the Government in the United Kingdom is doing it. After 1945, and I think I have got the year right, there was an investment by the different Government that were in power, on housing for rent by the local authorities. In 1979 when the Conservatives got into power they introduced a policy which stopped the local authorities from building houses for rent and also told them that they had to sell off the houses they had to sitting tenants. The situation from 1979 onwards has deteriorated tremendously in the United Kingdom. For example, in the UK at the moment there are of the order - if I remember the figure correctly - 538,000 people overcrowded and of the order of 109,000 severely overcrowded. Yet if we look at the homeless rate, and in the UK there is a legal obligation for the Government to find accommodation and they normally put them in boarding houses or guest houses, we see that prior to 1979 the Government was spending in the region of £52m. After the policy of the Conservatives was introduced in 1979, in four years the figure went up nearly twofold. In other words, now they are spending in the region of £500m on homeless cases. What I am saying to the Hon Member is that the Government even though their reasons might not be the same, what we are seeing reflected in the Estimates today and the housing needs that Gibraltar requires cannot be solved,

even though it is difficult and I understand it is difficult, we might not be able to solve it completely but at least we can break the back of it and that is what I was saying that our policy will be. Our policy would be a comprehensive one which will take into account everything: the rented, the private sector, the home ownership, because that is the only way you can break the back but we must not forget that if the Government carries on and they think they can break the back solely and exclusively by home ownership schemes by private development, I am afraid I cannot agree with that because you must have a policy on Government rented flats or dwellings that must be built otherwise you will never break the back. I want to make the Hon Member aware of the situation in the United Kingdom because it is parallel to the position they have taken here.

HON M K FEATHERSTONE:

I thank the Hon Mr Baldachino for that intervention. We do appreciate there is a need for rented houses to be built also and we are looking at schemes in the smaller areas that are available where rented accommodation can be built, we know that not everybody in Gibraltar is going to be able to afford to purchase a house, there are persons whose income levels will never allow to pay a mortgage and they must have rented accommodation. But we do hope, with the advent of the major housing schemes for home ownership, a number of houses will become available from the present rented sector which will be available for some of these persons. Just to finish up on the Medical Department, we have a departure this year by putting certain expenses in the Improvement and Development Fund and I would just like to mention two or three of these items. We are going to actually change over the cooking system in St Bernard's Hospital from the present butane which I think is no longer available and we will have to go to propane but the cookers are in a very poor state of repair, we cannot get the spares for them, we are going to go all electric. This year we are going to spend some £32,000 on re-equipping one or two of the wards with furniture. The beds that we have got are getting old, the actual furniture in the wards is becoming dilapidated and this we hope is the beginning of a scheme of refurbishment of all the wards in due course. We are spending £100,000 on general equipment for the Hospital which is an increase of some £40,000 over last year. Sir, I would give the lie to the allegations that the Hospital services are in a poor state. They can, of course, be improved. I think the report of the three man team will go a long way to creating improvements but even at the moment we have a Hospital service which I would say is at least on a par with the United Kingdom, if not somewhat superior. Thank you, Sir.

HON MISS M I MONTEGRIFFO:

If the Hon Member will give way. Has he not been making reference and has he not read the recommendations of the experts when, in fact, he has given me a copy telling me they are in confidence. Would he not have done better then if he would have actually published the report here in this Budget?

HON M K FEATHERSTONE:

We shall be making it public in the near future. We have ordered a number of copies from the United Kingdom. When I have enough copies I will be making it public.

HON MISS M I MONTEGRIFFO:

But can we quote from it now then, Mr Speaker, like he has done?

HON M K FEATHERSTONE:

I beg your pardon?

HON MISS M I MONTEGRIFFO:

Can we quote from the report ourselves?

HON M K FEATHERSTONE:

I wouldn't like you to give it to the press yet, I would like to wait until we can give the press an actual copy.

MR SPEAKER:

But it is customary for Ministers who quote from reports to lay the report on the table so that it is available to Members for purposes of contributions to the debate. That is under Standing Orders.

HON M K FEATHERSTONE:

It has been given to the other side already, Sir.

HON J BOSSANO:

Yes, but, Mr Speaker, the point is that when we asked the Minister to make the report available to the House and he didn't accept this, he only accepted letting us have a copy in confidence and we have had it in confidence on the assumption that that meant we couldn't quote from it. We want to clear up that there are other speakers here who may want to quote from that report now that he has done it.

MR SPEAKER:

With respect, if you have got physical possession of the report then once the Minister has quoted the report to the House, I feel sure that it means that the confidentiality has been done away with and that you are entitled to quote from it.

HON R MOR:

Mr Speaker, if the Hon Member will give way otherwise I may not have opportunity to answer later on. If I may refer to the expenditure on housing, on subhead 9 which refers to rent relief. The Hon Member has not added any amount over the estimates of last year and I would therefore remind him that he committed himself to look at rent relief as applied to private tenants and, in fact, I asked him a question last December and the question was: "Have Government now amended the regulations to allow rent relief for private tenants in furnished accommodation?" The reply was: "No, Sir, not yet. The necessary amendments to the Landlord and Tenant (Rent Relief) (Terms and Conditions Regulations) are currently being drafted and it is anticipated that it will be implemented at the beginning of the financial year 1987/88". We are now already in the financial year 1987/88 and according to the Estimates there is no provision being made. Mr Speaker, I would think that the Hon Member is trying to mislead the House.

HON M K FEATHERSTONE:

Sir, we can deal with this actually in the Committee Stage but I have the information that the increased costs are negligible and they are covered in the amounts we have put in.

HON J C PEREZ:

Mr Speaker, before I go into detail on the Departments which I shadow, I would like to make several general comments on a contribution that was made yesterday by the Hon Mr Brian Perez which seemed to me to be cheap, and propagandistic and even contained certain vulgar comments. Let me refer, Mr Speaker, to what the Hon and Learned the Chief Minister later said about Goebbels, something attributed to Goebbels that if you say something so many times people tend to believe it. I believe that is true of Mr Brian Perez and it is true of the Government and certainly not true of the Opposition. Perhaps he should have compared, something which I would never have dreamt to do, but perhaps he should have compared his Minister for Municipal Services with Goebbels and certainly none of the Members sitting on this side of the House. Mr Perez said that basically all these economic

plans of the GSLP were pie in the sky and they had the answer and we had no answer. Let me remind the Hon Mr Brian Perez that already the economic thinking that has been made public has had more to say than any budgetary programme or election manifesto produced by the AACR for the last fifteen years. In fact, proof of this is and proof of the way we plan ahead and proof of the foresight we have in economic management, Mr Speaker, is that in our last manifesto of 1984 we had a huge paragraph about the financial centre and the AACR had none. Then it was Mr Brian Perez himself who two years later appeared on television and since he had witnessed the growth of the financial centre which we had foreseen and included in our manifesto, he said: "Now we have got another new pillar of the economy" and he declared that the finance centre was a pillar of the economy. Mr Speaker, that is reacting to events and not planning. That is where we differ.

HON A J CANEPA:

If the Hon Member will give way. There is something he is not taking into account. There was a Diversification of the Economy Study made on behalf of the Gibraltar Government at the time of the Dockyard closure and the Government has a report dated 1981 or 1982 and that is the report on which we have based our policy on the development of the financial centre. It is all in that report. It is not in the possession of Hon Members opposite but we have it.

HON J C PEREZ:

Fine. Mr Speaker, that vindicates my position even more.

HON A J CANEPA:

No, 1981/82, you are talking of the election of 1984.

HON J C PEREZ:

Right, but you didn't include it in your manifesto. Mr Speaker, having had that report in 1981/82, having known about it they did not mention it as part of their economic programme or a pillar of the economy in the last elections. They mentioned tourism and Gibrepare as the two pillars of the economy, they didn't make any mention at all of the finance centre and we did, or in the 1984 Budget. All of a sudden they got the report of the consultants vindicated by the fact that the growth actually took place and when it started taking place they announced that the third pillar of the economy is the finance centre and they react to events like

they always do. Mr Speaker, the other point which was made by Mr Perez was over Gibraltar Shiprepair Limited. He said that we had no alternative at the last elections and they had. Mr Speaker, our alternative was.....

HON J B PEREZ:

On a point of order, Mr Speaker. When I spoke yesterday I spoke on the Finance Bill. I take it we are now speaking on the Appropriation Bill. I take it that I will be allowed to reply.

MR SPEAKER:

Most certainly. Anything to which reference is made you will have an opportunity to reply.

HON A J CANEPA:

Mr Speaker, on a point of order. I think we need to know what the position is having regard to how the debate on the Appropriation Bill is to be conducted. It would seem to me, Mr Speaker, as a layman in respect of how the procedure of the House should be, that it is quite valid to make some passing references, to make remarks about something that may have been said in the debate on the Finance Bill, but to go into detail during the Appropriation Bill in answering in a speech on the Appropriation Bill matters that were taken care of in detail in the Finance Bill would not appear to me to be within Standing Orders. I don't know, I think we would be grateful for a ruling on your part. One thing is to make a passing remark here or there, another thing is to go laboriously in detail in answering point by point what a Member may have said during the debate on the Finance Bill.

MR SPEAKER:

Perhaps I might explain, I think I did, and in fairness to everyone, I did give the Hon the Minister for Tourism yesterday a tremendous amount of latitude when he was speaking on the Appropriation Bill and he went on to matters related to the Finance Bill. It is only proper that that should be done because it is difficult to divorce the Estimates of Revenue and Expenditure now, of course, more so when the two Bills have been taken at different stages. Before, you will remember, both the Appropriation and the Finance Bill were under one and I used to say to Members that they could have a full say either on one or the other. It is difficult, I think, to limit Members because there is a tremendous grey area. My view is that unless they are being repetitive I will allow both in the Appropriation and in the Finance Bill for them to have a fair amount of latitude and

to refer to matters both of revenue and expenditure. I have always said you can have one bite at the cherry and not two and when it gets to a stage when I feel that one particular Member is abusing the privileges of the House then I will most certainly stop him.

HON J C PEREZ:

If I may address myself to you, Mr Speaker, on this issue. Mr Speaker, I have only mentioned two points. One is economic planning which is completely relevant to expenditure since economic planning and expenditure go together and the planning of expenditure and the other is the Gibraltar Shiprepair Limited where there is a £1m subvention to be voted under Treasury which is also expenditure. In fact, Mr Speaker, I have a point.....

MR SPEAKER:

Let us leave it at that because I think the Hon Mr Zammit wishes to say something. I entirely agree with what you have said in that respect.

HON H J ZAMMITT:

Mr Speaker, I bow to your ruling as I always do. I was only answering, in my contribution on the Appropriation Bill, the questions that had been posed after my intervention in the Finance Bill, by Mr Feetham and Mr Pilcher. That is all I was answering. I hope I was not repetitive between one contribution and the other.

MR SPEAKER:

If you had been I would have stopped you.

HON CHIEF MINISTER:

Mr Speaker, generally speaking, one should aim at attempting to separate them. Generally there are, of course, grey areas where they are both affected but otherwise it can become a little difficult and repetitive. Not that one wants to interfere with the way it is done but I think we ought to have an understanding that unless it is relevant to one and I am not in any way interfering now with the matters that have brought the matter out, I am just attempting to outline my concept as Leader of the House to what the thing should be in order that there should be no unnecessary repetition. There is repetition all the time, that is what we are here for, otherwise we wouldn't be here half the time we are here but, generally speaking, Members of both sides should try and direct their attention on expenditure at one stage and the Finance Bill on the other and it has so far happened.

HON J C PEREZ:

Mr Speaker, as I said before, I am talking about expenditure and I am not repeating myself because no one actually replied to the Hon Mr Perez and I am taking the opportunity to do so in the context of expenditure. Later on, Mr Speaker, I have an issue which is not related to expenditure which I will ask you whether I can tackle because it has to do with comments made by Mr Canepa over the shop assistants where he said - if I am wrong I am open to be told that I am wrong - and I am going to try and explain to him that there has been a misconception on the part of the Government. But be that as it may, let us go into what happened over the Gibraltar Shiprepair Limited which Mr Perez seems to have forgotten all of a sudden when putting forward, as I said before, a cheap and propagandistic address to the House which did not actually refer to the Budget at all but was just a vicious attack on the Opposition and an unwarranted one. He said that they had plans for the Dockyard and that we had no plans at all. Mr Speaker, that is totally wrong and, again, we have been vindicated. They are voting £1m in the subvention of the Treasury today and we have already voted another £1m before because what we said should be done was not done. We said at the election and we said in our manifesto that we had to have a much smaller dockyard, Mr Speaker, that we shouldn't use all the £28m on that dockyard and we have been again vindicated because they have had to wait for three years and they have had to employ further consultants to find out what we found out before Gibraltar Shiprepair Limited was set up. Let there be no mistake that we didn't know what to do and they did. It has been proved that what they thought was right has been proved wrong and that what we thought was right has been vindicated and now they are going down that path after three years and after having employed consultants for that purpose. In fact, in speaking on this subject I have remembered one thing which is not relevant to this particular subject but to what we were discussing before and I do not know how it is that Hon Members complain about what I am speaking to in relation to expenditure and they didn't seem to complain that the Hon Major Frank Dellipiani spoke about international defence in the Finance Bill. Mr Speaker, I now beg leave to enter into the area where it is not totally related to expenditure which is about the wages of shop assistants and the comments made by the Minister for Economic Development yesterday. Mr Speaker, he said that the Government had deprived shop assistants of the wage recommended by the Conditions of Employment Board because the Government thought that this would be breaching parity and that by doing so it would be giving an opportunity to elements in the public sector to breach parity there, as I understood his comments which I have read in the press this morning. Mr Speaker, this is not the case, this is a total misconception on what happened when parity was introduced

in 1978. When parity was introduced in the public sector, Mr Speaker, the private sector employees were compared to the public sector employees, they were analogued to the public sector employees. The private sector attained parity with the public sector and in 1978 shop assistants finished off with the rate of the Band 'O' which is the lowest point in the structure of the Gibraltar Government. Since then, to date there has been a great disparity between what they attained then only because the employers were insisting all the time that the economic situation did not warrant an increase and the independents in the Conditions of Employment Board supported the employers. Since the economic situation changed, Mr Speaker, for the first time ever the independents have supported the trade union representatives and, in fact, have come up with a rate which is still lower to what the Government is paying its Band 'O' employees but which sort of makes up in part for the loss that the shop assistants have been suffering throughout these years when the employers thought they could not increase their wages. There is not one single group in the private sector, Mr Speaker, which is compared to a group in the United Kingdom for pay rates. In fact, the construction industry is this year higher and there is great disparity in bands and everything else. The comparison has always been done with the pay structure in the public sector once parity was attained.

HON A J CANEPA:

If the Hon Member will give way. Mr Speaker, I was Minister for Labour in 1978 and I continued to be Minister for Labour until 1981. I remember on a number of occasions taking recommendations of the Conditions of Employment Board to Ministers in Council of Ministers Papers that I sponsored and in which with the Director of Labour and Social Security as Chairman the recommendations that were being made and were the subject of notice in the Gazette were for the implementation of the wages arrived at by the Joint Wages Council in the United Kingdom. That is how we were legislating over the years. The wages of a shop assistant were not linked to Band 'O' Labourer. We used to get the information from the UK, the Orders that were published in the UK used to come to the Department of Labour and Social Security, the Regulation of Wages and Conditions of Employment, would consider that and what we in Council of Ministers were legislating for year after year after year - I may be wrong because my memory can also fail me, I am not yet infallible - but I have a feeling that even beyond 1978, and that can be checked, we were continuing to enact legislation based on the Orders of those Joint Wages Council. But, as I say, I may be wrong. Perhaps when I said, Mr Speaker, yesterday that the matter could be pursued I wasn't thinking so much that the matter had to be pursued here in debate in the House, what

I was thinking was that outside the House those concerned with the matter, the Labour Department, the Conditions of Employment Board and the Union should get together and clarify the matter.

HON J C PEREZ:

Mr Speaker, I think that the Hon Member should check back because, in fact, I think that his recollection is incorrect. Whether the Labour Department actually made comparisons before approving the proposals of the Conditions of Employment Board or not is neither here nor there because the Conditions of Employment Board did not arrive at any particular rate because of what the rate was in the United Kingdom. That is the truth. In any case, the point has been made and as the Hon Mr Canepa has said, it could be pursued outside the House but I thought it proper to put on record that the situation, as we know it, is certainly not the situation as the Hon Member explained yesterday. Mr Speaker, going into the details of my particular Departments I like to give credit where credit is due. Mr Speaker, last year I said that the presentation of accounts for the Post Office Savings Bank would be better if they would be presented in the same way as the other Funded Services. This has been done, Mr Speaker, I am glad to say. I also said that on the Funded Services we felt that an additional column should be included to show the final result for the previous year and this again has also been done and since I like to give credit where credit is due, I take full credit for the matter, Mr Speaker. However, Mr Speaker, I haven't been as fortunate to convince the Hon the Financial and Development Secretary to go down that path in other areas. Mr Speaker, it is unfortunate, to say the least, that for the fourth year running, I should have to dwell on the subject of the presentation of accounts in relation to each Department accurately reflecting its true cost. However, having been unable to convince the Government over the last three years to move in that direction, it would be a grave omission on my part if I were not to return to the subject on the Budget which precedes a general election. I am, of course, referring to the vote for the Maintenance of Buildings shown in the Estimates under Public Works where \$644,200 have been allocated for that purpose in this financial year. The argument in favour of breaking down the vote and allocating it at Budget time is twofold. Mr Speaker, in the first instance, by charging each department the cost of maintenance of their own buildings the House would be able to have a more accurate estimate of the real cost of each department. Secondly, the House would also have an opportunity of judging whether or not the planned programme of maintenance was being allocated fairly in respect of which departments were being given priority. One argument put by the Government against this, Mr Speaker, is that it would not allow the Public Works Department sufficient flexibility to

use this money differently depending on how priorities change during the course of the year. When I first raised this issue at the Budget Session in 1984, I was told by the then Minister for Public Works, the Hon Mr Maurice Featherstone, that the Government might be able to meet my request halfway. This, by allocating part of the vote to each department with the other part kept under Public Works, thus allowing the department to continue to exercise a certain amount of flexibility. This, however, has not happened to a very great extent. In fact, the present Minister for Public Works has since then stated that any further move in this direction is impossible. Nonetheless, shortly after I first raised the subject, I was invited by the Hon Major Dellipiani to meet civil servants in the department and put my views directly to them. I came out of that meeting with the impression that the fundamental objection to allocating maintenance costs to each department and breaking down this vote was the added paperwork involved. However, since this year there is a reserved vote of £20,000 for the purchase of a computer for the Public Works Department, something I suggested at the time, perhaps this problem could now also be overcome. I might have been too rash in my judgement when I said that I had failed to convince the Government in presenting accounts that would reflect more accurately the costs of each department. In 1985 I used the same argument in relation to the rates payable in respect of public buildings and was told by the Hon Financial and Development Secretary that it was impossible to do this. Nonetheless, in 1986 he did it without giving any kind of explanation on how he had overcome the administrative hurdles he at first foresaw. The same case was again put by me in respect of the Post Office charging each department for postage. This again is said to involve insurmountable administrative complications which have yet to be explained. However, I am happy to see in this year's Estimates that the general philosophy of my argument has not been totally lost on the Hon Member opposite. Minor Heads such as stationery and travelling expenses, previously charged to one sole department, are now being charged separately with the cost spread out as it affects each particular department. Mr Speaker, Hon Members opposite might perhaps think that this matter is trivial when dealing with the overall Budget but I can assure them it is not. They talk about economic planning as if they really knew what it was all about. Well, if they are serious in their attempt to plan ahead which I doubt very much after having heard some of the contributions, then the accuracy of the costs of each department should be one of their priorities since it is a key factor in being able to forecast expenditure and in actually knowing how the annual bill of providing Government services to the general public is being spent. Another important element in this respect is, of course, up-to-date statistics which are not always available. When they are, Mr Speaker, it sometimes happens that the statistics produced by one particular department are in conflict with those produced by another. Not,

I would say, a very sound basis from which to plan the economy of Gibraltar. Planning is also central, Mr Speaker, in any maintenance programme. It is with genuinely felt regret that I must say that the absence of a planned maintenance programme over the years has resulted in many of our buildings being totally neglected. Because of this we now find ourselves in a position in which the deterioration of some buildings is such that they are in need of major overhauls that cannot all be financed in one particular financial year. Had there been a regular painting and plastering programme which ensured that all Government buildings would receive basic maintenance, say, every five to eight years, many of the problems being encountered recently could have been avoided. This brings me to the question of the Police Barracks which is earmarked for repairs in the Estimates under the Improvement and Development Fund on two counts. Under Head 101, Subhead 1, there is £42,100 allocated to the reinstatement of defective walkways. Then further down, under Subhead 5, £290,000 have been allocated for a project at 30, Castle Road with the estimated completion cost of the project being £850,000. Anyone that would care to check will find out that 30, Castle Road and the Police Barracks are one and the same. Admittedly, the first vote also covers repairs to the defective walkways of the Police Barracks at Scud Hill but this was estimated last year to cost some £7,000 only with another £14,000 allocated for the repairs at Castle Road. I said last year that I felt the money allocated was insufficient for the minor works planned. In fact, having gone to the Barracks on several occasions and seen the state in which the building is in for myself, I argued that a more comprehensive works programme was necessary. Nonetheless, I took the word of the Hon Major Dellipiani that he knew better thinking that he had expert advice available which I hadn't. Well, I shouldn't have, Mr Speaker, because we all now know that the Police Barracks at Castle Road are in the process of being vacated with the Government now recognising that major works to the tune of £850,000 are necessary, unless, of course, this is the cost of demolishing the whole building in which case my position is even more vindicated. The vote of £42,100 I now presume is solely for the works on the Scud Hill walkways which had been erroneously estimated at £7,000 only last year. If this is not the case then perhaps the Minister can explain what it is all about. The Minister might be able to explain it if he is actually in the House. Then, Mr Speaker, we come to another important aspect of this situation which relates to whether or not the works are to be carried out at all. Since they have been included as part of the Development Programme, it is to be assumed that the Government now recognise that the problem exists. However, Mr Speaker, the qualification of reserved which appears beside some of these votes in the Estimates, seems to indicate that a final decision has yet to be taken at some level before the works start to be tackled. Even if this qualification were not to appear in the

Estimates, there are so many subheads or parts of them re-voted that the fact that they appear in the Improvement and Development Fund does not by any means represent a commitment on the part of the Government that the works are to be carried out in this financial year. It could be, Mr Speaker, that most of the projects listed fall under the same category as the proposed demolition of the surrounding walls of the Piazza. This has been approved by the Forward Planning Committee but is the subject of further discussion in the Development and Planning Committee, which will then invite the public to put forward ideas and study these, after which the Council of Ministers will take a final decision within the financial constraints of the time and in competition with other projects with respect to priority. This, in real terms, means that it will never see the light of day. Why, if not, would the Government be replacing the tiles at the Piazza now if they envisaged that the project would have a chance of getting off the ground? A lot of plans, yes, Mr Speaker, planning very little. The qualification of reserved also appears in the Estimates in respect of the remedial works to the balconies of post-war buildings. This, notwithstanding that the Minister for Public Works only last February told this House that work was envisaged to commence in April. It is obvious that having said 'it was envisaged' covers his back pretty well but says very little about taking on board genuine problems and dealing with them effectively. Certainly, the commitment to carry out remedial works on the balconies of Stanley Buildings, which were deemed to be in a dangerous state, was not qualified and the works have not even started, Mr Speaker. On maintenance generally, Mr Speaker, the AACR administration has failed miserably to deliver and it is through their neglect over the years that the problem has now grown into one which will cost dearly to put right. This neglect was admitted by the Minister for Public Works himself when answering a question from me on road resurfacing recently. He said that part of the problem of not having completed the programme announced at the beginning of the year, was the lack of experience of the workers involved because, quote: "We haven't done much road works in the past". Certainly nothing to boast about. Had there been an annual programme of works with funds allocated for this purpose as recurrent expenditure, it would not now be necessary to consider road resurfacing in the context of the Development Programme. Another important aspect of neglect in this respect is the absence of any regular general surveys of buildings as is done in the United Kingdom every five years. Had this been done then perhaps when a tile from a building falls off there wouldn't be a need to panic and cordon off the streets since information on the general state of the building would be available. Then again, if surveys would have shown buildings to be in a bad state of repair, landlords would have been obliged by law to carry these out at the time of the survey thus avoiding the situation we face today which is that any amount of vibration, whether it be through new develop-

ments taking off or something else, old buildings start to crack and drastic measures immediately need to be enforced. Before I leave the Public Works side of it, Mr Speaker, I must necessarily query the re-vote of £30,000 in the Improvement and Development Fund which is explained as "Refuse Incinerator - Consultancy". The Minister told the House last year that although the incinerator had reached the end of its lifetime, money had been put aside over four years to keep it operational for another four years. This was done, according to the Minister, because a replacement for the incinerator cost £4m and funds were not available for this purpose. In fact, he said that if after four years there were still no funds available, we would have to do by scattering refuse all over the Bay of Gibraltar. That is already happening in respect of the breakdowns of the incinerator. I would like the Hon Member, first, to explain where this amount of money is being allocated on an annual basis and whether it is still envisaged that the incinerator will last us another three years. In passing, perhaps the Hon Member could explain why the Government feel that a consultancy is needed in this respect and what aspect of the refuse incinerator is it intended to look into. Surely, if it was already recognised last year that it had reached the end of its lifetime, there is very little about it that needs to be investigated that would warrant employing consultants. Mr Speaker, I would now like to turn to the Quarry Company which was the subject of a £200,000 subvention last year from the Government. The Hon Mr Maurice Featherstone told the House at the time that a viability study of the company had been carried out with the result being that the auditors were satisfied that the Company's viability was reasonable within the following eighteen months if the Government were to make a subvention to remove past losses and put the Company on a firmer footing without the burden of heavy overdraft. Well, the Minister certainly chose the wrong phraseology when he said 'a firmer footing'. This was in April last year. Then in September a public announcement is made to the effect that the Company has to shut down in the interest of public safety. The firmer the foot, the bigger the fall. What is completely unacceptable about this situation is that in February reports about safety and the possibility of closedown had already been commissioned. It was these reports which led the Government to take the decision of closing down the Company. Yet, in the full knowledge that this was happening, the Minister came to this House and asked us all to vote a £200,000 subvention based on the economic viability forecasts of the Company. This I know from the reports which he himself gave me. Even more serious is the fact that as early as July, 1983, and August, 1984, the possibility of closing down the Company on safety grounds had already been contemplated. Is it that the Minister didn't know what was happening in respect of safety or is it that he deliberately misled this House to approve the subvention in the full knowledge that the Government will, at the

end of the day, have to cover for the losses and debts of the Company? As it happens, to date, the commitment to provide alternative employment to those being made redundant has not yet been met and the workforce are still on the payroll of a company which sells nothing because it ceased to operate at the time of the announcement. The workers are being employed on other tasks but even the process of winding up seems to be taking as long as it took the first grain of sand to slide down the chute when it was first installed. Had the company been allowed by the Government to trade in construction materials other than sand when it attempted to do so then, perhaps, it would still be viable today even if sand quarrying is no longer a part of their operations. Now it seems we will be presented shortly with another subvention to write off all the debts and losses incurred since it stopped operations. Perhaps the Government might attempt to justify this state of affairs to the House but it seems to me as if they have very, very little room for manoeuvre. Mr Speaker, I will go into the Estimates of Expenditure of the Telephone Service which we are going to vote against, at least as far as personal emoluments are concerned. This is because the number of Telephone Trunk Operators has been reduced from ten to seven and as the House is aware, a dispute exists between the Union and the Government with the result that no service to the public has been available for the last eight months. I would not like to be drawn into the argument of how many telephone operators are necessary for the International Exchange, since that is a matter for negotiation between both parties. Whether it be two, eight or ten is neither here nor there as far as I am concerned. What is intolerable and an open challenge to all civil service unions is that the Government should have unilaterally breached an agreement they entered into. This is a challenge not only to those people who are locked out today but to any other group of civil servants with similar agreements who could tomorrow have their complement altered unilaterally without agreement by their association. I understand that Government last Friday approached the union with a view to involving ACAS in resolving this longstanding dispute. Again, this is a matter for the union and those affected to decide but it seems incomprehensible that at the same time as, by implication, the appropriate manning level is still an open question, a unilateral reduction of three of the existing posts should take place. I would therefore urge the Government to reconsider the decision and restore the complement in the Estimates so as not to prejudice the possibility of moving forward of their latest proposal as well as for the reasons I have already mentioned. Since we are still on communications, perhaps it is right that I should raise the terminating of the franchise of Cable and Wireless and what it is intended to replace it with. In February, 1986, I wrote to the Minister for Municipal Services seeking an assurance that since the renewal or transfer of the franchise was to take place in December, 1987, and therefore very

near to a General Election, that the Opposition should be consulted on any plans for the future and that there should be a debate in the House prior to the franchise being renewed or replaced by something else. Although the Minister did not answer my letter, I did get such a commitment from him in the House in answer to a question from me and discussions have taken place. We are both agreed that the franchise should not be renewed but instead replaced by a company in which there would be direct public participation, that already is public knowledge. The final decision as to who the Government's partner in this venture will be has not yet been taken as far as we are aware and the Minister has already given the Leader of the Opposition and myself an undertaking that we will be consulted before that happens. We think communications is central to the economic development of Gibraltar and that therefore the decision taken should be on the basis of what is best for the future. Mr Speaker, traffic and, particularly, parking is another area for which I am responsible on this side of the House. Although we were recently told by the Minister for Economic Development that there are plans to move the coach park to Waterport and make its present site available for parking, I think it is generally recognised that this is insufficient to be able to really make an impact on the extent of the problem. Not so long ago, it was also disclosed by the Minister that the Naval Ground No.1 was not being released to the Government on the grounds that it was still needed by the Ministry of Defence so that crews of visiting navy ships would be able to continue to play football. When I suggested that they might use the pitches at Europa Point, the Minister said that this alternative had been put to the MOD but rejected on the grounds that they had insufficient transport to move the football teams. Ridiculous as it sounds, this was the explanation given by the Minister of what had transpired between the Government and the MOD. I don't know whether any other reasons were put forward which the Minister has not disclosed but if that was the only argument used, I cannot understand why the Government have not pursued the matter further. Certainly, it would seem to me that for a Government that boasts of maintaining cordial relations with the MOD, that argument sounds as hollow as it is cynical. If asking for the release of Naval Ground No.1 produces that type of response, I dread to think how negotiations on other more important aspects of that relationship are dealt with. There are sound reasons for asking for Naval Ground No.1 to be released. The arguments against this, as far as the Minister has disclosed, are absurd to say the least. It is something which we on this side of the House would not expect to get from the MOD.

HON A J CANEPA:

Which does he regard as being Naval Ground No.1?

HON J C PEREZ:

The one next to where the Regal Cinema used to be.

HON A J CANEPA:

The one next to the Regal Cinema? That is No.2. Naval Ground No.1 is the one in line with the House and with the City Hall.

HON J C PEREZ:

Then I was referring to Naval Ground No. 2 all along.

HON A J CANEPA:

It is very important because Naval Ground No. 1 is being put to wider uses.

HON J C PEREZ:

Mr Speaker, as I said, there are sound arguments for asking for Naval Ground No.1 to be released and nothing that has been said convinces us that this shouldn't take place. In rounding up, Mr Speaker, let me just say that there is a new Subhead of expenditure under House of Assembly which is of particular interest to most, if not, all of us. I am referring to the £30,000 allotted to a Subhead called "General Election". Perhaps, in rounding up his contribution, the Hon and Learned the Chief Minister might give this House an indication of when he intends to spend that money. As far as we on this side of the House are concerned, the sooner the better. We are confident it will be money well spent. Thank you, Mr Speaker.

HON CHIEF MINISTER:

It is always money well spent.

HON J B PEREZ:

Mr Speaker, the previous speaker, the Hon Mr Juan Carlos Perez, has began his contribution by describing my contribution in the debate yesterday as cheap political propaganda.

MR SPEAKER:

Is there such a thing as expensive political propaganda?

HON J B PEREZ:

I think there were two major thrusts in my contribution yesterday to which I am sure he is referring to. The first one was where I pointed out that the Government's economic policies which are well known have, in fact, succeeded in producing or setting the pace for a more prosperous Gibraltar, that the economy is working. In fact, what has happened in the last two years is that the economy has grown more by more than 15% in real terms and is still expanding; the Government has been able to make tax cuts worth more than £7m; the Government has reduced the amount of public debt, in fact, we have reduced debt charges; we have borrowed less money than before and when we have borrowed it has been from Gibraltarians rather than from the banks; we have kept Government spending under control not only that but we have increased the amount of Government's liquid reserves from £7m at the end of 1984 to £14m at the end of the last financial year. These are the facts which have been given to the House by the Hon Financial and Development Secretary. That is the truth. If to tell the truth it means is making cheap political propaganda, that is a matter for the Hon Mr Perez and I am sure it will be better for the electorate come the next elections but that is telling the truth. The other point I made.....

HON J BOSSANO:

Can I ask the Hon Member one question?

HON J B PEREZ:

In a minute. The other point I made, Mr Speaker, is if the GSLP are saying, and they are saying, that they have this wonderful economic plan which will cure all Gibraltar's ills, what I said yesterday was, well, if that is the case why not tell us or tell Gibraltar or at least you owe it to your GSLP members, you owe it to the people who voted for all of you in block, you owe it at least to them.

HON J C PEREZ:

The Hon Member doesn't understand.

HON J B PEREZ:

You owe it at least to them to tell them what your ideas are. It may well be that the Government could well say: "Yes, you can get the credit for this". You know what our economic policies are, you know the Government's economic plan, the plan is working, if we can import other ideas we will do so for the benefit of Gibraltar as a whole. Again, Mr Speaker, that is telling the truth and, again, if telling the truth is cheap political propaganda that is a matter for the Hon Member and, of course, for the electorate at the end of the day. I will give way now.

HON J BOSSANO:

I would like to ask the Hon Member whether he is telling the House that he knew when he spoke what the Financial Secretary was going to say in his closing speech to the Finance Bill because the figures that he has just quoted from the Financial Secretary have not been answered by the Opposition or challenged by the Opposition or questioned by the Opposition because the Opposition has not had an opportunity. The Financial Secretary should have said what the Hon Member has just said in his opening speech in the Finance Bill and then he would have had it answered. Whether liquidity has gone from £7m to £11m and whether the economy has grown 15% is something that the Hon Member might have known when he was speaking but was not said in the House until after he sat down by the Financial Secretary.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Speaker, I must challenge that. We have had questions in this House earlier to which I gave an answer referring to the growth rate of the economy, I gave 10% as the figure for 1985/86 I recall in answer to a question, and in my speech I referred to the underlying growth rate as being 6% to 8% so I think I have discharged that particular responsibility.

HON J BOSSANO:

The question that I asked the Hon Member was, whether the figures he is quoting which is the ones quoted by the Financial and Development Secretary at the end of his speech, were something that he knew when he was speaking yesterday because certainly, as far as we are concerned, the Hon Member will be able to follow me in the Appropriation Bill and in my contribution in the Appropriation Bill I will demonstrate that the Hon Member was saying one thing yesterday which contradicts everything he has said before and he will have an opportunity to answer.

HON J B PEREZ:

Mr Speaker, the position has been clarified. The point I am trying to make is if to tell the truth can be described as cheap political propaganda that is a matter for the Hon Member. What I attempted to do yesterday was to put the facts before the House as I see them and the facts which speak for themselves. Mr Speaker, I now come to deal with the Departments for which I am responsible, namely, the Prison, the City Fire Brigade, the Telephone Department and the Electricity Department. Mr Speaker, as far as the Prison and the City Fire Brigade are concerned, these departments have worked well throughout the year and I am sure they will continue to do so in the forthcoming year. The point to make of these departments is that

they are departments that really work behind the scenes, they are departments which provide an essential service to the community and really it is only in the case where there is a major disaster or a catastrophe that you can actually see them at work. But I think they are departments which we should all recognise have worked well, the staff are very able persons and I am sure, as I say, the performance of these two departments will continue in the same way as they have in this last year in the forthcoming financial year. I now come to the Telephone Department, Mr Speaker. Again, the financial year 1986/87 was an eventful year for this department in that progress was made in new areas of activity for the department. Amongst the more important issues dealt with were the question of Gibraltar's International Communications franchise and also the initiation of a study into the digitalisation of the Exchange and Cable Network for the improvement of telephones and new data services. Intensive negotiations were held both with Cable and Wireless PLC and with British Telecom. Although the issue has not yet been settled, due to the competitive spirit of these two Telecommunication giants, and I would say both equally determined to win the franchise, it is expected that the final decision will be taken in the very near future. I would again reiterate the commitment which was mentioned by my Hon Shadow and that is that before a final decision is taken there will be consultation with the Opposition, something which I think they will accept that I have done all along since I gave the commitment in the House and, in fact, I would say that I am quite grateful for the different discussions that we have had and the contributions that they have, in fact, made and I am sure will continue to do so. Mr Speaker, the exhaustion of the Telephone Exchange is now expected, unfortunately, by the end of 1988. This is an indication of the heavy demand on the department particularly from the business community. The extension to the Exchange will be digital, this Exchange offering faster and more reliable communications for the future. The department has been actively engaged in discussions and evaluation of the opportunities offered and recommendations are expected to be presented to Council of Ministers before the end of this forthcoming financial year. On the Cable Network side, preliminary studies into different transmissions systems including fibre optics, were undertaken with a view to presenting again formal recommendations to Council of Ministers for subsequent implementation. Mr Speaker, the year also saw the unfortunate industrial action by the Telephone Trunk Operators which left the public with no directory enquiry or manual call facilities. The action was partly compensated by the publication of the new 1987 Telephone Directory which, in fact, I announced during my contribution in the Budget last year, which was issued at the beginning of the new year. As is well known the Directory for the first time was put out to tender and was produced in record time by Medsun Publishing Company. I would now like to deal briefly with the points that my Hon Shadow raised in connection

with the Telephone Trunk Operators. Mr Speaker, it is true that a proposal has been put to see whether we could have some form of arbitration by ACAS to find a solution to this matter. I think I ought to say that in the initial discussions when the problem arose, attempts were made, in fact, in fairness, by both sides, both by Mr Bossano who was acting on behalf of the union at the time and by management and the IRO. Unfortunately, certain things happened which did not produce a satisfactory solution for both the Management Side and the Staff Side. The point I wish to make is that as far as the Government is concerned, and this will be apparent from the letter of the Industrial Relations Officer, is that no doors have been closed. We want to see a solution to the problem. What I think I have to say in fairness and in defence of management of the Telephone Department is that although there has been a reduction of the Telephone Trunk Operators, I think it must be said that there have been no redundancies as such. The question that really arises is what is the proper manning level for the Telephone Trunk Operators?

HON J C PEREZ:

Will the Hon Member give way? Mr Speaker, I haven't wanted to go into the nitty gritty of who is right and who is wrong, what I have told the Hon Member is that since there has been a move to get ACAS coming into it and this is being discussed by the union at the moment, why reduce the complement now at this Budget and prejudge the result of a possible intervention from ACAS or spoil the chance of that being able to materialise at all? If we had the complement at ten last year and we were employing less, what harm is there of keeping the complement at ten and allowing the situation to develop in normal negotiating forums?

HON J B PEREZ:

I am grateful for that comment, Mr Speaker, because again without going into the merits of the situation, this in fact has been the basic problem. One side saying 'employ an extra body and at the same time have a staff inspection or bring ACAS to look at it whilst the other side, management, were saying 'why employ somebody if the deliberations of the decision of the arbitration were to be that we need one person less or two less then you would have, redundancies'. I am sorry, but it is so simple, that appears to be the problem but I take the point made by the Hon Member, I am not going to go into the merits of the matter, all I can reiterate is that as far as the Government is concerned no doors have been closed and we really look forward to finding a solution which will be acceptable to both sides quickly. The other point, the Hon Member will correct me if I am wrong, did the Hon Member refer to them being locked out, Mr Speaker, can I ask that question?

HON J C PEREZ:

Yes.

HON J B PEREZ:

What in fact happened, Mr Speaker, was that the industrial action which was, in fact, taken by the Telephone Trunk Operators meant in effect, in reality, that subscribers were not being charged for calls that they were making via the operator. That was something which obviously couldn't be tolerated because it is affecting all taxpayers.

HON J C PEREZ:

Is the Hon Member saying they weren't locked out?

HON J B PEREZ:

I don't think management had an alternative because of the industrial action.

HON J C PEREZ:

I have said that they are locked out.

HON J B PEREZ:

I am sorry but I thought I would mention that because they have said that they would be voting against the personal emoluments.....

HON J C PEREZ:

Unless the Hon Member.....

HON J B PEREZ:

The point I am trying to make is that as far as the Government is concerned.....

MR SPEAKER:

You will have plenty opportunity at the Committee Stage.

HON J C PEREZ:

Mr Speaker, just one last point of clarification before the Hon Member goes on. I am only saying that we are going to vote against because of the reduction in the complement. If the Hon Member can say it will remain like that so as not to prejudice their latest move of getting ACAS involved in the dispute, we shall vote

in favour of the personal emoluments, the whole of the Telephone Department and, regrettably, not for the Minister at the next elections because we will be standing against him.

HON J B PEREZ:

I can confirm that this is, in fact, the intention, Mr Speaker, as said by the Hon Member, that is the whole idea. We don't want to prejudge anything.

HON J C PEREZ:

Then you are going to restore the complement?

MR SPEAKER:

Let us leave it at that.

HON J B PEREZ:

No.

MR SPEAKER:

With respect, continue your contribution without any interruption.

HON J B PEREZ:

Anyway, I can confirm the point that the Hon Member has said. Coming back to other matters which, in fact, have been done by the Telephone Department during the year and that is that we have now increased direct dialling facilities to Morocco, Egypt, Guyana, Iran, Faroe Islands, Greenland, Mauritius, Oman and the United Arab Emirates. This has all been done during the last financial year, Mr Speaker, and again I would like to publicly thank Cable and Wireless PLC for having made this possible. In fact, I am pleased to announce that the total number of countries on the direct dialling system is now 83 and I think this augurs well and speaks well for the hard work that many members of the department and Cable and Wireless have actually put in on direct dialling. Mr Speaker, the year also saw a massive increase in demand, especially from finance centre activities such as new banks which have set up in Gibraltar. The existing businesses expanding and applying for bigger and more sophisticated PABX's and connections to Reuters and Data Services also put a tremendous strain on the department's resources. In response to this upsurge in demand, the department is working towards a scheme whereby connection and waiting lists will begin to decrease and hence improve the present situation. Again, I look forward to full cooperation

by the Staff Side and the union responsible for trying to achieve this during this coming year. Mr Speaker, studies into the charges for rentals and telephone sets have also been initiated and a new scheme whereby subscribers will pay according to the set they have, will shortly be considered by Government. The new scheme will overcome the present problem whereby new subscribers do not pay extra for push-button modern telephones, whereas existing subscribers need to apply and pay for a change of instrument. The department's three Technical Sections were fully stretched during the course of the financial year. The External Plant Network which consists of the installation and cable section was responsible for the connection of approximately 600 new telephones. They performed 421 new works, completed 600 wirings and connected approximately 50 telex and facsimile machines. The waiting list, I regret to say, at the end of the year stood at 574 representing an increase of nearly 99% over the previous year's high. The 740 applications received during the previous year also increased to 900. This section also completed several large installations for the Special Services Section and also completely re-wired two blocks at Humphries Estate as part of the Distribution Cable Upgrade programme. These, in fact, numbered 564. The Special Services Section was similarly kept very busy. A total of 18 medium to large PABX's were installed and 34 small ones. Over 50 microprocessor controlled payphones were installed, as well as answering and recording machines, additional PABX extensions and upgrading of PABX facilities. The Head of Section also attended a course on data transmission in the United Kingdom. The Main Exchange Section continued with its programme of introducing more countries into the IDD list, the most important of which were the introduction of new exclusive routes to the United States and Canada and the introduction of the service to Morocco. Plans to expand the Morocco route were also drawn up with a view to early implementation in the 1987/88 financial year. Again, the Head of Section was also involved in the Exchange digitalisation project which is at present under consideration. The Exchange battery system was replaced with a brand new set of higher capacity calls. The old sets had been in service for exactly twenty years and was beginning to falter under increasing load conditions. The departmental year was thus a year of achievement and a challenge which has been and is being met with vigour and determination. The future looks bright and equally challenging and of great economic interest to the Government and to the business community at large. The digitalisation programme promises to bring with it new opportunities and better, faster and more reliable telecommunication services for the future. Mr Speaker, I now come to deal with the Electricity Department. Members will see that in this year's Estimates there is a provision of £60,000 which is really for the initial consultancy and preparation of tender documents for the installation of a fourth set, another possibly 5 megawatt, it could well be that one would opt for one of around 10 or 15 megawatts, which will also include an extension to Waterport.

This I announce in line with the Government's policy as previously enunciated by me, particularly in the last Budget debate, the intention being to move all the generating capacity from King's Bastion ultimately to Waterport Power Station. I should also say that the fourth set is, of course, something that one has to plan ahead, one is seeing the demand increasing due to all the developments and due to the way the economy is working in Gibraltar the demand is increasing all the time and the purchase of this fourth set is absolutely essential if Gibraltar is to prosper. However, Mr Speaker, I regret to inform the House that there is a very strong possibility that we will not be able to maintain a continuous electricity supply during the winter of 1987/88, that is, this winter. There are three main reasons for this, the first one being that the warranty period for set No.1 at Waterport has now elapsed and service and maintenance to this engine will now no longer be carried out by the manufacturers. This means that for the first time in the last four years our personnel will have to carry out a 6,000 hour overhaul at Waterport. The outage will undoubtedly be longer than previous ones and will stretch our resources between the two Stations. The second reason is the unfortunate lack of cooperation from the Staff Side on productivity. This means that little improvement of output can be expected. It may be generally remembered, Mr Speaker, that 1985 was a particularly difficult year for industrial relations in the Electricity Department and that as a result there were restrictions in power supplies on several occasions during intermittent periods. The dispute with the Transport and General Workers Union which led to this industrial action arose over delays by Management in the introduction of productivity payment schemes as agreed during the Steering Committee negotiations, and the Staff Side's insistence that a firm date had to be given by Management for the introduction of such schemes. To break the impasse over the dispute TGWU proposed and Management accepted that in accordance with UK practice Lead-in Payments should be paid to members who were not in receipt of productivity or other incentive payments. The 1982 Committee of Enquiry highlighted, inter alia, disgruntlement by members of the staff of the different rates of remunerations and allowances across departmental sections. It recommended that productivity schemes based on synthetic data should replace the old schemes and that it be extended to cover other members of the staff. These productivity schemes have been based on the data bank which was set up for the Electricity Supply Industry in Britain. It was an expensive exercise and funding assistance was sought under Technical Aid Grant from Her Majesty's Government. The draft schemes were ready and tabled to the Staff Side in September, 1986, and unfortunately have been rejected in April, 1987. I say regrettably because there appears to be no reasons given for this rejection. Again, I wish to emphasise, Mr Speaker, that no doors have been closed and the Staff Side will now be requested to state their reasons for the rejection and to see if together

we can work out or we can iron out some of the problems that may be worrying the Staff Side and we look forward to being able to introduce these productivity schemes which is really for the benefit of the department as a whole. The third reason, Mr Speaker, why I fear that we may be unable to provide the continuous supply in this coming winter particularly during peak periods is that I am sure Hon Members will recall during the last Budget debate when I informed the House that we had purchased a third generating set, another 5 megawatt engine, for Waterport Power Station at a cost of £3m, I further announced at the time in the House that the engine had successfully undergone its trial run at the manufacturers' works and was presently awaiting shipment. I further announced that it was expected that the engine would be operational during the winter months. However, Mr Speaker, again, regrettably, initial problems in connection with the foundation and the base of this block together with blacking by the Transport and General Workers Union, has really meant that this engine cannot now come on stream as previously planned. Let me say that as far as the foundation problem is concerned, this has now been solved, this has now been sorted out with Hawker Siddeley and all that is now delaying the installation of the third engine at Waterport is the dispute that exists with the Transport and General Workers Union. Let me also further add that although it is fair to say that the problem surrounding the foundation has been one of the causes of the delays because I don't want to blame anything on the industrial action, the fact nevertheless remains that during the period in which one was trying to sort out the problem of the foundation with Hawker Siddeley and the sub-contractors, a number of ancillary works could have, in fact, taken place at Waterport by the contractor and now once the foundation problem has been solved and, hopefully, the blacking is removed by the Transport and General Workers Union then it would only be a question of one month's work or two month's work to have this third engine working. Unfortunately, because of the dispute, because of the blacking this is not the case now. Even if after this meeting of this House, after the Budget Session, there would be a solution found with the Transport and General Workers Union, I regret to say that the contractor would require a period of at least six months to have this third engine fully operational. Again, Mr Speaker, I would urge those concerned to consider the matter very carefully and try honestly to reach a solution in order to avoid the inevitable and the inevitable is, as I have already announced, that I think we are going to be due for power cuts during this winter unless we really get together and find a solution quickly. Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, before the debate continues I would ask leave to make a statement on a point of clarification regarding exchanges which I had earlier this morning with the Hon Mr Juan Carlos Perez when he stated that in 1984 general

election the AACR did not include any reference in its manifesto to the activities of the financial centre and the development of the financial centre whereas that had been included in the manifesto of the GSLP. I have documentary evidence.....

HON J C PEREZ:

He has got the right of reply.

HON A J CANEPA:

I have documentary evidence with me which would indicate that he made a misleading statement to the House. The documentary evidence is a copy of the manifesto of the GSLP. I have read through it, I have asked one of his colleagues in the Ante Chamber to try to point out to me where there is a paragraph, I would also invite him to discover what I cannot find, whether there is any reference in the manifesto because I cannot find any reference in this manifesto to the activities and the development of the finance centre. And if on reading through the manifesto again he cannot find that then I would invite him to make a statement to the House withdrawing those remarks.

HON J C PEREZ:

Mr Speaker, I will certainly have a look at the manifesto, I am sure that it is mentioned somewhere but he hasn't come back saying that the AACR actually had it included in the manifesto.

HON A J CANEPA:

That is not the point, Mr Speaker.

HON J C PEREZ:

He hasn't denied the fact that they waited for two years, but in any case.....

HON A J CANEPA:

Mr Speaker, I am accusing him.....

MR SPEAKER:

Order. It has been clearly stated by the Hon Mr Canepa that you have made a statement to the effect that in your manifesto the question of the finance centre was mentioned. On a matter of clarification Mr Adolfo Canepa has said that he has had a look at your manifesto and no reference is made there to that statement of yours.

He has given you an opportunity to investigate and to come back with the information. Let us not get involved as to whether they in their manifesto mentioned the finance centre, that is not the point at issue insofar as the clarification point is concerned.

HON J BOSSANO:

Mr Speaker, I find the reaction of the Hon Member quite extraordinary. In the course of this debate lots of totally irrelevant things have been said that have nothing to do with appropriation or with finance and the Hon Member is asking my colleague to withdraw a reference to something that we said in the 1984 election in support of the commitment.....

HON A J CANEPA:

No.

HON J BOSSANO:

I haven't finished, Mr Speaker. In support of a commitment, which I have repeated in this Budget, to the finance centre. He has said it is in the manifesto, the Hon Member will check his information and come back but to try and make out that this is a misleading statement as if we were misleading the Hon Members opposite who certainly didn't vote for the GSLP or had no reason to read the GSLP manifesto, when we have had situations here, for example, in the 1985 Budget the Minister for Labour said 700 jobs had been created in three months and it took a motion six months later to get that corrected and the Hon Mr Canepa was very upset that we had brought a motion here asking the Hon Minister for Labour to withdraw what was clearly a misleading statement about a factual number of jobs created in the first three months of 1985 made as part of the contribution in the Budget speech. It is extraordinary.

MR SPEAKER:

I feel sure that Mr Perez if he has made a statement which he considers to be incorrect will have no hesitation in saying 'I was under the impression that it was said'. Whether the attitude is correct or wrong is another matter.

HON J C PEREZ:

Mr Speaker, I can clarify to the Hon Member specifically what has happened here. We have argued during the whole of the campaign about the re-negotiation of our terms of reference within the EEC and how that would protect the financial centre which might not have been specifically included as such in the manifesto but it has a chunk

about the need to re-negotiate our terms of membership in the EEC and derogations. At the same time during that election campaign the Finance Centre Committee came out with a statement saying exactly what we had included in the manifesto and it has been mentioned in political broadcasts. The minor point that the Hon Member has said that the word finance centre has not been included in the manifesto is insignificant especially in terms of expenditure because I was just giving an example of economic planning, Mr Speaker. I don't think that he should make such an issue about what he has described as misleading this House, Mr Speaker. I have accused the Hon Mr Featherstone of misleading this House about a £200,000 subvention and that has not been answered yet. That is misleading the House, Mr Speaker.

HON CHIEF MINISTER:

May I as Leader of the House make a comment. It is, of course, a matter of argument what one says or what one does not say and that is, I suppose, the essence of democracy and debate. But statements of fact made by Members has a long history of cases in Erskine May, statements of facts, undisputable statements of fact which are incorrect, it is right and proper for other Members to give people an opportunity either to verify or to correct themselves. It is purely a matter of procedure, one must not get excited about all other things, this is a statement of fact which in the hearing of everybody was made an hour ago 'It is in our manifesto'. The Member has taken care to look at the manifesto and he doesn't find anything. I am sure that if he finds it we shall be the first to say 'It was stuck away and we didn't see it'. But if it is not found he will find a way to correct it because that, I think, is the essence of the way in which facts are stated before the House.

HON J C PEREZ:

Mr Speaker, I have already, the Hon and Learned Member may not have heard me but I have already.

MR SPEAKER:

The Hon Member has already explained that perhaps it is not specifically mentioned in the manifesto.

HON CHIEF MINISTER:

But he said it had been.

MR SPEAKER:

Well, he has now accepted the fact that it may not be but that it most certainly formed part of their campaign. I think the matter has been clarified.

HON J C PEREZ:

I think so, Mr Speaker.

MR SPEAKER:

I would invite another contributor to the debate.

HON R MOR:

Mr Speaker, there can be no doubt that around this time every year there is one particular person who becomes the central figure in Gibraltar - I am, of course, referring to the Hon Financial and Development Secretary, the Chancellor of the Exchequer. Mr Speaker, one of the things I personally admire most about the Hon Member is his incredible resistance. His incredible resistance to the tremendous onslaught which he has been subjected to from this side of the House, Traynor-bashing is what he calls it. The bashing he has had to endure from the Leader of the Opposition on economic and financial matters, the punishment he has had to endure from my Hon Colleague, Joe Pilcher, on the question of GSL and, of course, the punishment he has been subjected to from my Hon Colleague, Pepe Baldachino, on the question of amortisation has been really incredible. In fact, Mr Speaker, he reminds me very much of what is known in boxing circles as a 'punch--drunk' boxer who, as you know, you can hit and hit and he will just keep coming back for more. I would have thought that in his case three years would have been enough but, no, he keeps coming back for more and obviously he is getting it. Mr Speaker, I would say that the Hon Member is tough, is really tough. In fact, I am sure that given the number of times he has had to defend that side of the House single-handed there are some who would even feel that he may well be Britain's answer to America's Rambo.

MR SPEAKER:

Britain's answer to America's Rambo. Sylvester Stallone.

HON R MOR:

He is not with it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I take it he is not a Member of this House.

HON R MOR:

Obviously, Mr Speaker, the Hon Member is not with it on that one but I am sure he will be more acquainted with what follows and as we all know he is very fond of quotations and I have a quotation here which is attributed to an Asquith but not the Asquith of 'Wait and See' fame who he is familiar with but Lady Margot Asquith and what she would say about the Hon Member is: "He's as tough as an ox - he'll be turned into Bovril when he dies". Mr Speaker, if I may refer to the education budget. Following questions which I have brought to the House on the question of B/TEC courses for the College of Further Education, the Hon Minister for Education promised that at Budget time he would bring figures to this House. I have been looking at the figures, Mr Speaker, and so far I can only find that £50,000 are being made available for these B/TEC courses. But I remember during the course of supplementaries that the figure that was brought up was £100,000 or possibly more than that so I am giving the Hon Member an opportunity to clarify this either in his contribution or at the Committee Stage. What I think has attracted my attention, Mr Speaker, on the Estimates for this year is the education of children outside Government schools. I have noticed there is an increase on the estimate from last year of around £15,000 and what I would be interested to know is whether there has been an increase in children going to Service schools or whether prices have increased or whether it is that people are losing faith in our education system. Mr Speaker, you will no doubt recall that following a rain storm earlier this year, considerable problems were experienced at Bayside Comprehensive School. There were several electrical explosions; fittings found to be dangerous and disconnected; a teacher received an electric shock from a radiator; several people received minor electrical shocks; broken window panes; floor tiles missing and, in fact, Mr Speaker, most of the school was found to be in a sad state of disrepair. As you know this led to the teachers having to call a parents' meeting to advise parents of the dangerous state of the school and ask them to bring pressure to bear on this Government to have the school repaired and properly maintained. In his last year's Budget speech, Mr Speaker, the Hon Financial and Development Secretary when referring to the economic situation in the United Kingdom, he used the phrase 'fortunately, history has the habit of not repeating itself'. Well, obviously, Mr Speaker, the Hon Financial and Development Secretary has not been in Gibraltar long enough because here in Gibraltar history has the habit of repeating itself. In 1981 we had a situation in Bayside which is practically exactly the same as in 1987 and as happened on that occasion, it was only after a public outcry that this Government took any action. Mr Speaker, you will no doubt recall that in view of the reports on Bayside, I asked in this House whether the school had reached alarming sub-standard levels as the teachers at Bayside claimed. As you know the Hon

Minister for Education categorically denied this. Yet, Mr Speaker, we now find that we are being asked to vote £400,000, nearly £4m to be spent on this school. Surely, Mr Speaker, if the Hon Member opposite has categorically denied that the school is sub-standard why then are we being asked to spend so much money on Bayside? On a school which, according to the Hon Member, is not sub-standard. But not only this, Mr Speaker, although the Hon Minister for Education categorically denies the sad state of Bayside and considers the school is safe, he is reluctant to state publicly that this school is safe as he has been asked to by this side of the House. Clearly, Mr Speaker, there is a contradiction in what the Minister is saying in this House. We on this side of the House believe that the people need to be told, they have every right to hear from the Hon Member whether the school is absolutely safe or not, the parents of pupils at Bayside must be left in no doubt as to whether their children can be expected to study in a safe environment. Otherwise, Mr Speaker, we will have to accuse the Minister of purposely misleading this House because we cannot accept that £400,000 are needed for improvement works at Bayside to make it safe when the Minister had previously denied that conditions there were alarming. Mr Speaker, during a Party Political Broadcast on behalf of the AACR, the Hon Minister for Education said that his Government had done something unthinkable. Well, I must admit that they do tend to do many unthinkable things but what the Hon Member referred to, Mr Speaker, was that his Government had lowered the points required for the awards of scholarships from twelve to nine. This was unthinkable according to him, Mr Speaker. I am not sure of whether the Hon Member has been living here all this time or he has been Cannon travelling about elsewhere because, really, Mr Speaker, the Hon Member must be aware that the GSLP policy on scholarships is to abolish the pointage system completely and there is nothing unthinkable about that. In fact, we are already committed to this and we would do it as soon as we got into Government. In any case, Mr Speaker, the Minister should have been more honest with the viewers and told them the truth because to lower the pointage system was not a Government initiative at all but only came about as a result of savings made due to EEC students not being charged tuition fees. Mr Speaker, on the 16th December, 1986, the Hon Minister for Labour and Social Security moved a motion to amend the Social Insurance (Amendment of Contributions and Benefits) Order, 1986. During his contribution the Hon Member made the following statement: "The value of the Social Insurance Fund stood at £13.67m in April, 1986. Taking account of the £4.5m committed towards the cost of Spanish pensions, the balance of £9.17m represents well under two years expenditure on local pensions at the proposed 1987 rates of benefit. It is therefore proposed to continue increasing contributions by an amount which will provide a surplus of income over expenditure on local pensions". That is the statement he made, Mr Speaker. But according to the audited accounts,

the Social Insurance Fund stood at £14.14m and this was after having taken account of over £1.5m paid by way of Spanish pensions. The difference between the figure supplied by the Hon Member then and the audited figure, Mr Speaker, is £2m. During supplementary questions to Question No.85 of 1987, this matter was raised and both the Hon Minister for Labour and Social Security and the Hon Financial and Development Secretary attempted to justify what the Government said in December. There are two issues involved here, the first one is that the Minister had attempted to justify increases in contributions on the basis that the Social Insurance Fund stood lower than two years' worth of expenditure on local pensions. If at the time he had had his figures correct and found that he had £2m more in the Fund, he would not have been able to argue this point, Mr Speaker, and he has therefore given misleading information in this House and has increased social insurance contributions based on false information without justification. The other issue involved here is that having been made aware of the situation by the Opposition, neither the Hon Minister for Labour and Social Security nor the Financial and Development Secretary have offered any apology to this House for giving and attempting to justify misleading information. If allowed to go unchallenged, Mr Speaker, it would be a sad reflection of a conduct improper of this House and, indeed, any other parliamentary organisation. Mr Speaker, despite the fact that during the 1984 election campaign the AACR said that it was their policy to lower pensionable age from 65 to 60, there hasn't been one single word or any other indication given during their term in office that it still remains their policy. This would seem to be very much like the GASA swimming pool where all the Government could deliver was rubbish. We do not believe that promises should be made in vain, Mr Speaker, and we do not believe in paying lip service to the people. The GSLP is already committed to lowering pensionable age to 60 and we have already said that we would start the process during our first term in office. Given the healthy economic state of Gibraltar which the Members of the Government are so concerned in projecting in their political broadcasts and in general, I am quite sure that people must be wondering why nothing is being said in this Budget on the lowering of pensionable age. Mr Speaker, during the last two years I have been raising the question of contributions by persons employed on ships registered in Gibraltar. As you know this matter is still unresolved and has been the cause of considerable embarrassment to Gibraltar following the sinking of the Syneta. Mr Speaker, there are something like 100 ships registered in Gibraltar and if we consider that the average crew could be about ten per ship this would mean that the Social Insurance Fund could be earning somewhere in the region of £15,000 per week and, obviously, this money is not being collected. Following supplementaries to Question No.107 of 1987, Mr Speaker, on the 24th March, 1987, we now have a situation where these seamen are

apparently entitled, according to the Minister responsible, to all benefits under the Social Insurance Scheme without having made any contributions at all. This quite obviously means that these seamen can now obtain benefits at the expense of all other contributors in Gibraltar and it is incredible, I believe, that when it is suggested that legal action should be taken against the employers of these seamen, we then get a situation where the Attorney-General says the Government should report the matter to him and the Government, on the other hand, say it is up to the Attorney-General, so that in the end no one is held responsible for not complying with the law. Mr Speaker, the question of Spanish pensions has been consistently raised by this side of the House because of its tremendous effect on the present and future planning of our economy. It is interesting to note that whenever a new country decides to join the EEC it is quite normal for all previous members of the Community to take protective measures in order to avoid any adverse effects which the new member could have on their own national economic stability. It is sad to note, Mr Speaker, that although this Government was aware well in advance of Spain's entry into the EEC, they did not take protective measures against the claims for pensions at current rates. Once again on this issue the Government has shown their sheer incompetence and, as usual, are now attempting to react to the situation in their usual manner as they always do in moments of crisis and all they do in those cases is just set up a committee, a committee which has to date not produced any results despite the fact that the Hon and Learned the Chief Minister promised in this House that the matter would be resolved well before 1988. I don't want to rush him, Mr Speaker, but I would remind him that it is already nearly May, 1987. Quite recently, Mr Speaker, the Government reacted to a speech the Leader of the Opposition made at the Chamber of Commerce dinner and objected to the remarks made by the Hon Joe Bossano that the Government had committed Gibraltar to pay for these pensions. The Government said that the agreement with the British Government was without prejudice to either side beyond 1988. This is precisely it, Mr Speaker, this is precisely the point. Since the Government is blowing its own trumpet about success of their policies and the newly-found wealth, then it is quite reasonable to assume that the British Government will reach the conclusion that Gibraltar can well afford to pay for these pensions without any help from them. The reality is that on a budget such as ours a bill of £7m a year is a totally unrealistic burden which we just cannot afford and it is the responsibility of the Government to resolve this issue since they, and only they, have to bear the political responsibility for their negligence in this matter and we would therefore expect that the matter is resolved not only before 1988, Mr Speaker, but also well before the next elections. Mr Speaker, as you know, some time ago the Government in their wisdom decided to treat elderly persons pensions as part and

parcel of supplementary benefits. At the time we failed to see the logic of this move and we argued at the time that both were incompatible given that supplementary benefits are only approved after the claimant has been means tested whereas the elderly persons pensions were not. The Government did not appear to see the sense of our logic and consequently proceeded to show both benefits under supplementary benefits. What we now find, Mr Speaker, is that there is no way of telling from the Estimates how much is being paid in EPP or how much is purely supplementary benefits in the true meaning of the term. We would therefore ask that in future a breakdown is made available by the DLSS so that such payments can be monitored individually. In conclusion, Mr Speaker, I remember that during the Budget Session in 1984 I put in question the direction of the Government as regards their economic policy. Not surprisingly I still find that they are still floating aimlessly about, perhaps they may be nervous and they are not sure whether to rush around holding their pillars of the economy upright or whether they may be rushing around trying to hold the buildings of Gibraltar upright. What is clear, Mr Speaker, is that the Government is simply attempting to adapt to situations as is normal with everything that they do. Thank you.

MR SPEAKER:

I think this is a good time to recess until this afternoon at quarter past three.

The House recessed at 1.10 pm.

The House resumed at 3.30 pm.

MR SPEAKER:

I will remind the House that we are still on the Second Reading of the Appropriation Bill.

HON G MASCARENHAS:

Mr Speaker, first of all, I would like to dwell on the main department for which I have responsibility, education. I would like to refer Members opposite to what I consider to be the highlights of the education policies for the coming financial year and that is on the Improvement and Development Fund where the sum total of projects to be undertaken totals nearly £2m. These projects will include St Anne's Middle School, the re-siting of St Bernadette's Occupational Therapy Centre, the re-siting of St Joseph's First School, refurbishment of specialist workshops at the College of Further Education, the improvement works at Bayside School and temporary classrooms at St Joseph's First. At St Anne's Middle School we have made

provision for a gymnasium, a drama area, computer rooms, general classrooms and it will serve as a major quality improvement to the School and that should serve that catchment area for a few years to come. Not only that but it will help the department in at present, for example, the children from Varyl Begg, Varyl Begg is included as a catchment area for Bishop Fitzgerald and Bishop Fitzgerald I can say is severely stretched in the number of pupils. Obviously as a larger school it can take more and, hopefully, the refurbishment of St Anne's will be able to cater for children from Varyl Begg Estate which will be far more convenient for them. The improvements to the school will mean that the size of the school will be increased substantially. The St Bernadette's Occupational Therapy Centre will offer space and capacity for fifty students. At present the population is twenty-three. We have studied proposals to restructure the staffing and we consider that St Bernadette's has become an essential.....

HON R MOR:

Mr Speaker, will the Hon Member give way? If we look at the Estimates you find that most of the amounts shown in the Estimates for this year are reserved. Can he explain what that means?

HON G MASCARENHAS:

If the Hon Member wants a technical explanation I think the Financial and Development Secretary might help.

HON J BOSSANO:

If he has got a reserve vote, the Hon Member is talking as if these projects are certain to go ahead. Does the reserve mean that we could find that there is a change and that they don't go ahead or does it mean something else?

HON G MASCARENHAS:

Yes, Mr Speaker, I take the point. St Bernadette's we have still to identify the site but we are expecting that we shall do that in the very near future.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It normally means that there is some doubt just as the Minister has suggested and therefore the project has not been approved in the sense that approval has been given to the expenditure. There might be an area of doubt about expenditure and I think what 'R' means is that Council of Ministers would want to have another look at the proposal before it goes ahead.

HON G MASCARENHAS:

The other, of course, is St Joseph's First School, the new building. Again, we are in the process of identifying a new site for that school. St Anne's, of course, has been fully costed and we expect that work will start on that this financial year. As I was saying earlier, St Bernadette's Occupational Therapy Centre has become essential. The present facilities available at Montagu Bastion are not adequate certainly and in our forward planning we are estimating that it would be far wiser to build a larger space catering for up to fifty students and, as I said, the present population stands at twenty-three. St Joseph's First School is the subject of a distinct shift of population to the south of Gibraltar and it has become very inadequate. The temporary resolving of this problem by the construction of two extra classrooms is, as I say, temporary. The refurbishment of the specialist workshops at the College of Further Education have become necessary. These were left in a very bad state by the MOD and this year we are in a position to be able to make an effort to try and correct the major deficiencies in the College left, if I may say so, by the Ministry of Defence. The improvement works at Bayside School will provide long-term solutions to the water seepage problems as well as improving the general environment of the school. Bayside School, if I can take Hon Members back in time, has been the subject of three extensions. The original school itself was built for a population of 150, if my memory serves me right, and since then even before comprehensive was introduced it has been the subject of three major extensions to the school and I think that has been the cause of many of the problems that have been experienced in the past few months. Certainly the amount of money that the Government is earmarking for major improvements at Bayside, I think the Hon Member, Mr Mor, in his contribution this morning suggested that because the figure was £400,000 that that would qualify for sub-standard levels. I don't agree. If he will look at, for example, the money being provided for St Anne's Middle School which will provide what I listed before at £546,000, I believe, he will see that the cost of building is quite considerable and the cost of roofing, I am told is probably the highest element in any construction and since Bayside is suffering mainly from water seepage it is the roofs that will take the brunt of the costs.

HON R MOR:

Mr Speaker, if the Hon Member will give way.

MR SPEAKER:

With respect, we are doing it too often. These are matters which I think you can raise at the Committee Stage when the amount is going to be voted otherwise we will never finish.

HON G MASCARENHAS:

Thank you, Mr Speaker. Of course, the moment that St Mary's First School was resolved with the move to Town Range and the new school was taken over by the Education Department, it has meant that St Mary's First building at Hospital Ramp is now free for some other usage as is St George's Annex down in Line Wall Road and at Johnstone's Passage. Not only have we resolved the problems of the worst school building situation at St Mary's but we have released three buildings for further usage.

HON J BOSSANO:

Mr Speaker, could I ask the Hon Member, are any of those buildings reflected in the I&D Fund as being programmed for any other use?

HON G MASCARENHAS:

No, Mr Speaker, I don't believe so, that is the subject of study by the Government, I don't know at what stage. Certainly, the Education Department has released the buildings, I can confirm that. Under books and equipment, Subhead 5, we have allowed for a 10% increase in the capitation allowance for First Schools and a 7% increase in the capitation allowance for the Middle Schools. That subhead also includes further contributions to the introduction of GCSE in the Secondary Schools and we have also made allowances for extra capital grants for the College of Further Education. On Scholarships the Government has kept its commitment to reimburse the Scholarship Fund with income derived from the tuition fees being refunded income from the UK Government under EEC law. The Hon Member made an aside on the Government policy and that I had made special mention of lowering to nine points. I know what the Opposition views are on this matter, I think that our views are quite clear. It should not be taken for granted and I have said so on many occasions that the money that we are receiving as a refund on this should have been ploughed back into the Scholarship Fund. Give us credit where credit is due, when the news was heard in Gibraltar I gave a virtual commitment in this House in June last year that I would do everything in my power that the money would be retained in the Scholarship Fund but there is nothing to say that that money could be redirected to any other service within the Education Department or even to some other department for some other use. We have maintained that and the proof of the pudding is that today sixty young Gibraltarians, approximately, will attend higher education in the United Kingdom every year. With the increase in the income tax allowances parental contributions will be the subject also of some reduction since we base all parental contributions on the tax assessment therefore there will be a reflection, again, on people's pockets certainly on the

parents of those who have children or young adults going to higher education in the United Kingdom. Under the College of Further Education, Subhead 8, we have, as I say, increased capitation and we have approximately a 26½ increase in funding for the Adult and Continuation classes. This, of course, is offset by revenue in full. Mr Mor this morning in his contribution also mentioned the question of B/TEC and our infusion of funds towards this. I remember, I haven't seen the Hansard, I don't think that particular Hansard is out, but I quoted figures in answer to his question that I did not know what the level of funding required would be for equipment in the College of Further Education and I quoted figures out of my head of, I think it was £100,000 and £150,000, I just didn't know. We have made provision this year for an infusion of £50,000 for specialist equipment, materials and furniture. This will not necessarily mean that it will not be on a recurrent basis. I cannot promise what it will be next year it depends, of course, on the finances of the Government but certainly an infusion of £50,000 this year for special equipment, additional special equipment, there is a lot there, will go a long way to resolving their needs.

HON R MOR:

Mr Speaker, may I remind him of what he said. What he said, according to the Hansard, is: "I think to have it in mint condition will require more than £100,000".

HON G MASCARENHAS:

It was an idea given to me very much en passant and not quantified mathematically. We have also, as we have already announced, removed parental contribution for exam fees. These are continuously rising and certainly GCSE will be more expensive than the ordinary levels were in the past. We have made provision also for substantial increases in school furniture at primary level. It is probably at the level where it is required most and made provision also for resurfacing of desks at Bayside School. The question of field trips. The opening of the frontier has meant that Secondary Schools have less expensive but better structured options for the biology and geography field trips. We have acquired a lot of our own field trip equipment which again has reduced the cost. Before we used to have to send our youngsters in biology and geography to the United Kingdom, now we take advantage of the open frontier situation. Mr Mor also raised the question of the funding for children outside Government schools this morning. The number remains the same as it has been in other years, in other words, ninety, we make financial provision for ninety children. There has been an increase in the MOD costs to us over the last year but we should bear in mind that we make the same charge or, should I say, a charge which is not the same because we provide education for them at our Secondary

Schools which, of course, by the nature of secondary education is more expensive than First School or Primary education but at the end of the day we are in a plus situation rather than a minus one. Included in this subhead we have three students who are attending schools in institutions in the United Kingdom for special needs. I am also very pleased that we have reduced not substantially but we are estimating for contract teachers for this year starting in September, the new school year, will be reduced to about seven. There is no way that I can guarantee that figure, we are prone to a lot of things - women teachers becoming pregnant, people falling ill, a lot of things, and therefore we cannot plan accordingly. The average over the last four years has been between ten and eleven contract teachers. This year we are in a better position and this figure today is a requirement for seven. My own feeling is that we shall never achieve a fully Gibraltarian teaching profession in that people, obviously, are motivated by their own personal needs and some teachers, of course, might decide to apply for better posts in the United Kingdom and, as I say, lady teachers who become pregnant and all sorts of things. Subhead 17 - In-service education and development. We have included the second and the last phase of the Advanced Diploma course in the use of microprocessors under the University of Hull. Fifty teachers in the course signed on, today we are left with forty-five teachers, I expect that the number would be further reduced because this is being done by the teachers without being paid for it after school hours but I am very proud to say that forty-five are still doing the course. We have also made provision for funding to send six senior teachers for GCSE moderation related courses in the United Kingdom. Also the training and qualifying course in the United Kingdom for the Educational Welfare Officer and one year full-time attachment of up to three local teachers to advanced courses in the United Kingdom. We have one now for remedial education committed for that. The Intensive Language Courses for foreign students have been highly successful last year and I think that Gibraltar no doubt is becoming an English teaching centre. This year we have made provision for twenty summer classes as distinct from eight last year. We have fifteen winter classes as distinct from six in the past year and we are making provision, as I say, for twenty summer classes and fifteen winter classes. This year we show for the first time Ince's Hall which is now part of the Department of Education and we have made a provision for the Drama Festival to be held in November. That has been very successful and without casting any aspersions on the MOD when they used to run it, I don't think that the new Drama Festival Committee did any worse certainly, in my opinion, they excelled themselves at the Drama Festival which was a great success. Perhaps I should mention that my Hon Friend, the Hon Major Frank Dellipiani, won the best actor award. Mr Speaker, I shall now turn to another of my responsibilities, the Post Office. The Post Office continues

to provide an excellent service to the community. The sales for 1986/87 reached the highest ever figure of £700,000 in sales of stamps. With the opening of the frontier it has made it possible now to exchange mail direct with the Spanish Post Office and surface mail letter post to and from all destinations has continued to improve. I think any user of the Post Office will be in a position to be thankful that mail to and from many European destinations, certainly surface mail has improved tremendously. We also last year as a consequence of the development of the Waterport area for the Water Gardens Project, the Parcel Post Stores were moved to new premises. This has provided improved work conditions for the staff and certainly a better service for the public generally which includes the trade who use the parcel post very, very often. Counters at the Main Post Office have continued to remain open throughout the lunch hour Mondays to Fridays and on Saturday mornings from 10 am to 1 pm thereby providing a continued improved service to the many tourists who visit us. The full opening of the border has brought in its train the creation of new companies and the opening up locally of offices of recognised banking, financial, accounting and management consultancy firms. The proposal this year is for a further provision of 210 PO Boxes. The ones that were provided, I think in the Estimates for 1985/86, have very nearly been expended and issued to firms and individuals. We are proposing this year to increase it by a further 210 PO Boxes. On philatelic sales we have been plagued by a world recession in sales and this has affected us quite dramatically. The sales by our agents have continued to drop although the direct sales by the Philatelic Bureau have increased quite dramatically on the reverse side. This year in June we issue a new definitive set and we hope that this will stop the recession on sales and improve the figures for the Philatelic Bureau. Mr Speaker, the Post Office is one of those departments, as I have said so very often, which provides substantial revenue for the Government, handles many millions of items, it provides a very efficient and effective service to the Government not only in the sale of postal items but also in the payment of pensions and social security to the older generation. The North and South district Post Office will continue to provide a service overall. They are two outlets of the Post Office which provide perhaps the best service to the older members of our community in that it makes it very convenient for people who live in the south and the north to collect their money from these two outlets. I have to take the opportunity, Mr Speaker, to congratulate all members of the Post Office for running an efficient department which, as I have said in the Party Political Broadcast and which I say so publicly very, very often, we don't hear of the Post Office unless something goes wrong, when a letter gets lost or when a philatelic subscriber doesn't get his items on the first day but considering all the millions of items that are transacted I think that the Post Office

service is second to none. Mr Speaker, the Hon Miss Mari Montegriffo, the Shadow Member for Sport, yesterday raised some queries which I will endeavour to reply. Miss Montegriffo mentioned the astro turf. Mr Speaker, I am not in a position today to be able to answer her. The astro turf or the artificial turf at the Victoria Stadium is the subject of on-going discussions between my department and the Gibraltar Hockey Association. As I say, these are on-going, we are examining all sorts of ideas on how best to proceed on this and I am afraid that at this stage I am unable to give her a categorical answer on what the solution will be. What I can say and I can say with total conviction is that the Gibraltar Hockey Association know that they have my full support, I have told them that verbally in our meetings and certainly in writing and I think it is an opportunity too good to be missed if everything being equal the astro turf purchased by the Hockey Association proves to be in a good condition, as I am told that it is and certainly they have my full support and the Government is conscious of this and we are going to help them as much as possible but at this stage I would rather reserve what the outcome will be. As regards the query on squash, perhaps I could give the Hon Member the history of what has occurred. I am surprised, knowing that she is a very avid squash player, that she has not been aware of what has taken place and what the position is. The Director of Education and the Sports Manager held a meeting with Mr Clinton and Mrs Benson on the 21st October, 1986, to discuss the joint building of an additional squash court. We agreed in principle that the details and conditions set by the Gibraltar Squash Racquets Club were to be supplied to the Government. There was then a further meeting in December, 1986, and the GSRC agreed to produce details of construction costs which they claimed were far cheaper than what the Government was telling them. As I say, we have reached agreement in principle and we are still waiting for a reply from the GSRC to see when we can formalise an agreement. The Sports Manager at the instigation of the Director of Education wrote to the Secretary of the GSRC on the 12th January this year and we are still awaiting a reply. On the 3rd February this year, again, the Sports Manager met the President of the Club and there were problems on the part of the Squash Club and they said they would be replying to us. The matter rests there and I don't think the Government can be accused of dragging its feet on this. Certainly our proposals were accepted in principle, as I say, and it is now up to the Squash Racquets Club to come back with an agreement. Miss Montegriffo also asked me who the members of the Sports Committee were for the year 1986/87. This was published in the Gazette on the 30th April, 1986, as indeed it will be published this month, I haven't seen it yet. The members for her information are: Mr C Flower, Mr J Goncalves, Mr A Ramagge, Mr J Reyes, Mr M Hedges, Mr J J Alcantara and Mr J Hernandez acting as Secretary and myself as Chairman. That is public knowledge, Mr Speaker, and I must say that the Hon Member

could have obtained this information from the Gazette or asked me to provide that information and I would have gladly given it to her. The Hon Member also asked for the breakdown of the figures of the contributions to Sporting Societies. The total amount was £15,000 and the listing was as follows: The Gibraltar Hockey Association, Grammarians, is the League champions - £3,500; the Gibraltar Hockey Association proper - £1,500; the Gibraltar Cricket Association - £1,000; the Gibraltar Volleyball Association on two occasions - £1,500 in one - this is all for the financial year 1986/87 - Gibraltar Volleyball Association - £1,500 on one occasion in the year and £1,300 on another occasion; also for the Volleyball Association but this for the City Fire Brigade, for the tournament they hosted in Gibraltar - £350, that makes a total contribution to volleyball of £3,150; the Commonwealth Games Association - £2,400; the Gibraltar Target Shooting Association - £200; the Federation of Sea Anglers - £350; the Gibraltar Amateur Athletics Association - £500; the Gibraltar Amateur Basketball Association - £1,100; and the Gibraltar Football Association - £1,300, that makes a total of £15,000. Finally, Mr Speaker, the Hon Member also made the annual point of the swimming pool. Mr Speaker, as I started to say in my contribution, what we have earmarked for education totals nearly £2m. I think that anything else has to be looked at in the context of that funding for this year. The question of the swimming pool is, certainly since last year the position has not changed, I have had one meeting with GASA since the Hon Member in the last House, I think it was nine weeks ago, and the position remains the same. There is a commitment from the proposed developer of the Montagu Basin to provide a swimming pool. GASA are aware of that. It is not for me to say whether they will wait for that development to take place and for that swimming pool to be provided or whether they will proceed with their own plans. Certainly my feeling is that the Secretary is convinced that they will not be able to proceed under their own steam since the costs involved are too substantial. There are priorities and there are realities. The Hon Member doesn't live with them, I do and so does the Government. The swimming pool is highly desirable but it is not essential faced with the situation at Bayside which requires substantial improvements, a bill of £400,000 at the end of the day which will be the cost of the swimming pool, given the choice of St Bernadette's Occupational Therapy Centre at £400,000, given the choice of St Anne's, Mr Speaker, the priorities are obvious to me. One would like to know what the Hon Member would do if she were in my position and in the Government's position at a future time. As I say, a swimming pool is highly desirable but I would not sacrifice any of the three projects mentioned for a swimming pool. This is the first financial year which the Government has been able to make very important contributions to school buildings. St Anne's has been waiting patiently for St Mary's to be resolved, for the third Bayside extension to be resolved, these are priorities. We cannot forever

be telling our Headteachers 'Your turn will come' and then when we are in a better position financially as we are this year, we can make substantial inroad into these problem areas and resolve them. I am not going to promise that the swimming pool will be built next year but certainly if the financial situation of the Government remains liquid, I see no reason why an attempt should not be made on this, Mr Speaker.

HON J E PILCHER:

Mr. Speaker, in speaking on the general principles of the Appropriation Bill I need, I think, to continue on the theme which I started yesterday in my contribution to the Finance Bill. I said yesterday, Mr Speaker, as indeed I have said in subsequent years that as far as I am concerned the Budget is, whether it is in revenue raising measures or whether it is in expenditure or whether it is in development in the I&D Fund, is all linked together. This I said yesterday and, in fact, in speaking to the Finance Bill really I was only referring to one part of the overall Budget which is, obviously, in the revenue side of Government. However, the theme of the Budget, as I said before, is what the Government intend to do in the next financial year and in looking at that one has to look at both revenue and expenditure. Yesterday in my contribution when I said that as far as I was concerned there was a great disappointment amongst the people of Gibraltar, certainly in the realities as regards what the Government have to use their own phrase 'given back' to the people of Gibraltar, I also made a mention of the fact of the Appropriation Bill at which stage, I think the Hon and Learned Chief Minister commented to say: 'Well, you'll have to see', as if saying 'Wait till the Appropriation Bill comes and then you'll see what else the Government of Gibraltar is doing for the people of Gibraltar'. I have sat through most of the Appropriation Bill because we have to keep to this norm of a speaker on either side, I am not able to wait until everybody else speaks, but there is very little that I have heard so far as regards what the Government of Gibraltar are intending to do in the next financial year for the people of Gibraltar in their last year of this term of office. As a layman and I think I can say that I can speak as a layman because the Hon Mr Canepa who has been fifteen years in the House said that as a layman he was going to speak on a matter this morning, so as a layman and looking at it from outside, looking at it from the ordinary man in the street, what does this Budget do for the ordinary man in the street? What does the Government after its four year term of office, after the opening of the frontier in 1985, after what they have termed - and I won't use the word 'boom' because although they have said it various times during this Budget they have retracted and said that they have not said there is a boom - but under the new favourable conditions that are being referred to on the other side of the House, what has the Government

been able to do to improve - and I am quoting - to improve the lot of the Gibraltarians? In the revenue raising measures or in what is termed the Finance Bill, the only thing that has an immediate effect on the ordinary man in the street because there have been various measures taken by the Government, the Hon Mr Mascarenhas yesterday was disappointed that we hadn't spoken on the estate duty. Well, the estate duty is, obviously, something that affects people once in their life like, for example, the fact that they have lowered the duty on cars. This is something that affects somebody on four or five occasions during their lifetime, sometimes not even as many as that, but taking into account that perhaps you buy a car every four or five years, you can say that on four or five occasions during the lifetime of a person what the Government did in the Finance Bill does affect the person on that occasion. The only thing, as I was saying, that is going to affect the ordinary Gibraltarian is the lowering of income tax which the Government themselves have put as something in the region between £3.50 and £5 depending on the status of the Gibraltarian, whether he is single, married, with children, etc. In doing so there is one thing that they did not mention. It is only a minor point but I think it is a point that needs to be mentioned and it is the point that because of our tax structure and because if there is more than one child, only one child gets the allowance and because family allowance is not keeping in step with the rest of the improvements in the tax, therefore any family which has more than one child the improvements that were created two years ago or three years ago when the system was changed, are being slowly gnawed away and if you have a family with four or five children then obviously the benefits are not the same as they would be if a family had just the one child. That is a point that has to be made. But if we look at both together, the Finance Bill and the Appropriation Bill and after having heard the contributions certainly on this side of the House and the answers that have been given by the Ministers responsible on the other side of the House, as far as I am concerned, Mr Speaker, this year's Budget is as abysmal as the last four years have been because the only thing that the Government of Gibraltar has done that will affect the day-to-day living of the ordinary Gibraltarian is the lowering of income tax. The rest, Mr Speaker, is maintained the same. There have been many comments made on the other side of the House but in talking to the Finance and the Appropriation Bill I can only comment on what the Government intend to do for the following financial year which will bring them to the end of their term of office. We heard this morning the Minister for Medical Services saying that they are intending to move to a National Health Board, I think he called it, and obviously in replying to the speech by my Hon Colleague Miss Mari Montegriffo, because that is what the report says but they have been sitting on the report for the past three months. What the Hon Miss Montegriffo said that the GSLP would do is that it would give urgency to the requirement. What is needed is an urgent move towards fixing up the medical

services which we all know, the average Gibraltarian knows that there is something drastically wrong with the health services in Gibraltar, whether it be in the Health Centre or whether it be in the Hospital, if any Gibraltarian has gone through that Health Centre or through the Hospital they would be aware that there is something drastically wrong with that service. So what have the Government done for the past three years or intend to do this year for the medical services? The answer is nothing. What they have is ideas of what they are going to do in the future. Well, those ideas will have to be first transferred on to paper and then brought to this House and then we can criticise or not criticise the Government in the way that we are doing but as far as I am concerned although we have raised the point of medical services over the past three years, on this last year of the Government nothing at all has been done on that side. As far as housing is concerned, we all heard the eloquent intervention by my Hon Colleague Mr Pepe Baldachino, again it hasn't been answered. The reality is that over the past three years the Government housing stock has dwindled away, there is no project for Government housing, no major project except Engineer House because at least last year we had the Laguna Estate project, this year because of technical difficulties the project was dropped so this year we end up being in a worse state than we were last year and anybody who is today in the Housing Waiting List and anybody who is today living in a situation where he urgently requires a house, there is nothing, there is no hope at all from this Budget for those people in the waiting list. This is another area which the Government have been unable to tackle over the past three years and which this financial year they are not tackling either. If you look at any spectrum of our society you will find the same theme throughout, whether it is sport, we all heard again the Hon Miss Mari Montegriffo saying that this year only £15,000 have been provided for sporting activities and £5,000 were given to Hockey, rightly so, because of their involvement in the European Cup. Therefore, this year there have been no advances to try to uplift the situation of sport in Gibraltar. The only thing that the Government have done is to collect more revenue by charging for the use of sporting facilities. On culture, the same; social insurances, pensions. Mr Speaker, it is not a question of giving people back £4. It is not that the GSLP and, in fact, we have said so quite clearly, I think the tax structure of Gibraltar is wrong and there is an urgent need to change that tax structure to take into account the new situation Gibraltar is living with an open frontier and that is across the board, whether direct or indirect taxation. The reality is, apart from the fact that people do not like paying income tax, I think in human nature nobody likes to pay, that is a point which whether it is £4, £10, £20 nobody likes to pay. But I think there is another factor, well, there are two factors. One is the person's ability to pay and this is why the Opposition are claiming that we should lift the allowances to a point where there will be a

level at which people will not pay any tax whatsoever. That level will be the level which we consider that people should not be paying tax, that is one point. The second point is people mind paying tax but what I think people mind more than paying tax is the return that the Government give them on their tax, that is the point which I think the Government are completely avoiding, completely not looking at. I always use these examples of mine in order to try and bring home the point. If I am looking for accommodation and if I am told: "Here you have a bedsitter, you have to pay £50 a week for that bedsitter", as far as I was concerned I would not be willing to pay £50 for that bedsitter. If I was offered a semi-palace for £50 a week I would be more than glad to pay £50. The analogy, Mr Speaker, is that it is not 'I don't mind paying the £50, what I mind is what I get back for £50' and this is the message that I think the Government have still not got from the Gibraltarians. Of course the Gibraltarians mind paying tax, of course we are heavily taxed but I think what gets to every single Gibraltarian is the fact that after we are heavily taxed, after we are paying through our nose for everything, what we get back is scandalous. In whatever area of Gibraltar you look at, what we are getting back is scandalous - bad housing, bad maintenance, bad medical services, lack of cleanliness, whatever aspect we look at we find that we are paying through our nose and not getting anything in return. That is the point which the Government are not addressing themselves to. They come here and they say 'It is not an election Budget'. To the ordinary Gibraltarian all they have done is given him another £3.50/£4 in their pay packet which we think is right and which, I suppose, every single Gibraltarian will welcome. But the reality is that what certainly is wrong is that they are not taking one single step to cater for all the problems, all the problems that society is facing in Gibraltar today and we have taken great pains today, each and everyone of us and we have done over the past four years, to bring those problems to the attention of the Government. Mr Speaker, we have heard each individual speaker on this side or at least most of us and we have heard the answers. I was surprised to hear the Hon Mr Featherstone when his defence of our medical services was the fact that it is worse in UK. Well, I couldn't care whether it is worse in UK or not, we all know what the Conservative Government is doing with social services in general in UK but what gets me even more is that they use the comparisons when it suits them, when it doesn't suit them they say: "Well, no, we cannot compare ourselves with UK because social services are different, because the payment is different, because the tax structure is different", that is when it suits them. Today they come back and they say: "Well, our medical services are not that bad, in UK you have to wait six weeks for an operation, here you only have to wait five". It doesn't matter, you shouldn't have to wait at all for an operation, that is the reality. That should be our aim. That would be in a perfect world but the reality is that that should

be the Government's aim, the Government's aim should be to aim for that. At no stage have any of the Ministers given us any advance notice that this is what is going to happen except for the fact that they seem to be looking at everything and, in fact, I think the Hon Financial and Development Secretary destroyed the argument of the Hon Mr Mascarenhas when he got up after Mr Mascarenhas had said all the things that they were going to do, they are all a reserve vote which means it has still got to go back to Council of Ministers for approval. If you look at Head 111, the same applies to all the expenditure on tourism which is a point I will get to when I speak on tourism which is one of the departments which I shadow. That is the reality, Mr Speaker, and that is the reality which escapes the Hon Mr Perez, that is the reality that I was speaking about yesterday when he utilised, I think, perhaps dishonest is not the word, but when he utilised the fact that we had all, all our main speakers on this side, that we had given advance notice that I would be the last speaker on the Finance Bill, after I had spoken and after Mr Feetham and the Hon Mr Perez and the Hon Leader of the Opposition, he got up and made what I consider a guerrilla attack because he wasn't referring to the Finance Bill, he wasn't referring to the Appropriation Bill.....

MR SPEAKER:

With respect, he was referring to both otherwise I would have called his attention.

HON J E PILCHER:

Not necessarily, Mr Speaker, because he was referring to comments that we had made on the economic plan and as such he was answering those comments. The reality is that it was that thrust of economic policies, that thrust that we have given on objectives and on policy direction, that is what prompted the Hon Member to get up. Not because I had said that he hadn't spoken but because he had to destroy what was getting across to the people of Gibraltar which is that the Government have nothing at all to offer the people of Gibraltar. They have had nothing to offer them over the past four years and have nothing to offer them in the future. That is the reality, that is the truth. The truth is look at the Budget overall and then let's see what the Government after four years in office, after nearly three years of an open frontier are offering the people of Gibraltar and then as somebody I think said this morning, then let's look at the track record and let's go to an election. I have to say again what has been said on various occasions from this side of the House, the sooner the better. Let's stop toying with the idea and let's put it to the test, let's go to the election and find out once and for all. These comments about the Hon Mr Canepa, 'well, we could stay here till next April', let's decide once and for

all, we are all ready, we have made our points very clear on both sides of the House, let's go for it and if they win, fine, that is what the people of Gibraltar will want and if they don't win, well, that is what the people of Gibraltar will want as well.

HON CHIEF MINISTER:

If the Hon Member will give way.

HON J E PILCHER:

Of course I will give way, I always do.

HON CHIEF MINISTER:

The question of when an election is held is always a matter which is the responsibility of the Government in office and this election fever that the Members opposite have created, I am glad to see that ours was not described as an election Budget but certainly this has been an election Budget debate as far as the Opposition is concerned, everyone goes through the whole thing probably because for the first time it is being broadcast and the GSLP is mentioned as often as possible to try and see whether they can substitute the AACR and so on. It is a concerted effort and it has nothing whatever to do with when the election is held, nothing whatever to do with that. We are here by virtue of an election which was held in February, 1984. In fact, in 1972 and 1976 and 1980 so don't run too much because the Hon Leader of the Opposition said shortly after the elections in one of those prophetic sayings: 'It won't last a year'. Now they are complaining that we are lasting too much. So why refer so much about let's have the election. You can say that until the cows come home but you will have it when it suits me.

HON J E PILCHER:

Mr Speaker, first of all I would like to say that the election fever was not created by the GSLP, it was created by the AACR and the Chief Minister in his New Year Message.

MR SPEAKER:

With respect, I think you are falling into the trap that you are accusing the Government of and that is not speaking about either the Appropriation Bill and the Finance Bill.

HON J BOSSANO:

But it is after the interruption.

MR SPEAKER:

I haven't called your attention but I think we should go back to the debate.

HON J E PILCHER:

Fine, but, Mr Speaker, the Hon and Learned Chief Minister has got up and has made a comment.

HON CHIEF MINISTER:

In reply to yours.

HON J E PILCHER:

I have a right to comment on his comments.

MR SPEAKER:

You have both had a bite at the cherry. Let us come back to the Appropriation Bill.

HON J BOSSANO:

You have given way to him so you tell him what he said on the 1st January, 1987, that there would be an election before January, 1988.

MR SPEAKER:

Order, order.

HON J E PILCHER:

The reality is twofold, one is as I have said before that the election fever was created by the Chief Minister himself and the fact that I think he is wrong and if he checks Hansard he will have to come back and apologise because he is misleading the House, if you look back at Hansard he will find that the Opposition have since 1985 because I am not very sure of 1984 because it was our apprenticeship, since 1985 we have conducted the Finance Bill and the Appropriation Bill in exactly the same way as we have done this year. The difference is that this year every single Member of the Government spoke on the Finance Bill which has never happened before. That is the reality because the Hon Mr Brian Perez has been quiet in the House of Assembly for the past two years. All of sudden he got up and spoke on the.....

HON A J CANEPA:

Nearly every Member spoke.

MR SPEAKER:

Order.

HON J E PILCHER:

No, nearly no, every Member spoke.

HON A J CANEPA:

Except one.

HON J E PILCHER:

Mr Speaker, I will not dwell on that, I will get back to the Appropriation Bill. That is the theme, Mr Speaker, that I was trying to create yesterday but, of course, I could only do it to the point where the Finance Bill was involved and this is why I was talking about people's disappointment, disappointment on the Budget as a whole. The way that I see it and the way that I think is the real way to look at it, not only what the Government are giving back but what the Government are doing for what they already get and what kind of service the Government is giving the society and what kind of situation we have in the areas where we are lacking and the answer is this Budget like the Budget last year and like the Budget for the other two years, I can only speak for the four years that I have been in the House but I can go back and I can only refer to this term of office, is the same. There has been not one situation, not one improvement on the main areas, on the contrary, there has been a decadence over the past four years and there has been a gradual deterioration of the services that the AACR Government give to the people of Gibraltar. I will now speak on the tourist side of the Appropriation Bill and I did give the Hon Minister for Tourism advance notice yesterday of various things that I spoke about yesterday and I am glad that he intervened before me because this is the way that I think we have conducted it over the past two years. In checking yesterday through his speeches over the last four years I have to say, Mr Speaker, that certainly the Hon Mr Zammitt is consistent and he has been consistent throughout his four years except for two minor inconsistencies, if I can call it that. It is not important because it doesn't really matter as far as policy, but I think we have to remind the Government of the things which they do which we disagree with and then they come back two years later and say, in fact I will explain. Two years ago in 1985 during the Budget speech and I think before the Budget speech because we had questioned it, the Government announced that they were bringing from UK a new Director of Tourism. We had said and we had objected in the House, we thought that we had enough people of calibre in Gibraltar, Gibraltarians who would be suitable for that job. The Government thought it better to bring an expatriate, an expert from UK to do the job of Director of Tourism. Today in the House of Assembly the Hon Mr Zammitt gets up and says how well the new Director of Tourism, Mr Pepe Rosado, is performing.

We have no doubt that he is performing well, we have no doubt that he would have performed well three years ago and this point, I think, has to be raised because it is again another nail in the coffin of these expatriates and of these experts that we bring to Gibraltar. The other point, as I say, since I have seen that Mr Zammitt is back in the House, I have said that he has been consistent throughout in his four years with one minor inconsistency and that is in 1984 he came to the House and said that his department did not have enough money to spend on the new tourist era but that was a minor point and, in fact, the following year there was an improvement on the vote for printing matter and advertisement. But, apart from that, his vote has changed slightly over the last four years. I think his main theme every year, Mr Speaker, since I have been here since 1984 and I have taken the trouble to look at it, to look at Hansard and to look at the past four years. The Minister for Tourism always complains in his Budget speeches of three things, Mr Speaker. One is flights. In 1984 he said the same thing that he said in 1985, 1986 and 1987, that people are trying to come to Gibraltar and there is no way they can get in, there is no way they can get out. Well, there has been an improvement in the flights as he himself said. I think what the Hon Minister for Tourism cannot do is continue for four years to complain about the flights and not try to do something about it. I know that there has been a lot done as regards the flights coming in and out of Gibraltar but I think in all fairness to the trade the fact that there are more planes coming to Gibraltar is, I think, praise due to the trade and praise due to the fine work that is being done by various companies - which I will not mention - as regards bringing in more planes. But the problem appears to be that irrespective of how many planes they bring in the Minister continues to say that there are not enough planes coming to Gibraltar so I suppose to a point the Minister should also say what he intends to do in order to improve that situation. The second point that the Minister always brings up is the point of the hotels. I am going to read to the Minister because it is a point I made on the Finance Bill which I found illogical that we could have given licences for three more hotels to have been built although I will go into the hotel occupancy and to the beds in a moment, but it was illogical to me that the Financial and Development Secretary had announced that there would be a study made and announced that there would be a change in the kind of statistics we expect the hotels to give us after we had already taken a decision on the licences and on giving these people a right to build the hotels. If we look at the speech of the Hon Mr Zammitt last year he made exactly the same point as he has made this year. The fact, and I won't read it because it is a long extract but if he cares to look at it, page 144 of Volume II of Hansard of the 24th March, 1986, the fact that the hotels were giving the Government incorrect statistics on bed occupancy. If that was the case last year as, indeed, was the case since the frontier opened, the Government should have taken steps to have corrected that so that

they could come to the House of Assembly to announce that they have an objective now as far as hotel beds are concerned but backed with certain information which they have been unable to produce in the House except to say to us that at a given stage last year during Autumn Train, for example, and during the Rock Show, there wasn't a single bed in Gibraltar. Well, we cannot build three more hotels on the strength that because there is one Autumn Train and one Rock show every three years the hotels are full. That is the kind of comment that I was making yesterday. The other point that the Minister has raised year after year and also this year but with a very slight intonation, this year he raised it but he did not give it much importance or, at least, the importance he has given it on previous years and that was the internal side of the tourist development, the improvement of the product which I think is what Mr Pitaluga called it in 1984. The fact that Gibraltar is dirty, the fact that we need to beautify Gibraltar, well, this aspect which the Hon Minister has brought here every year and made long and extensive comments on, he only mentioned in passing this year. Why, is it that the situation is better? Is it that some of the Pitaluga recommendations have been implemented? No, Mr Speaker. We at the time and I think it is only honest to say that, we at the time did not agree 100% with the Pitaluga proposals but there is a great chunk of it that we agreed with but what happened was they went into Committees and into more Committees and into more Committees until we arrived at the Forward Planning Committee and yet the internal tourist product continues to be the same. That is something which I honestly think since so much has been said about it and not only in the House, I remember in famous debates on television with the Hon Mr Zammitt that he had arguments with the Housewives' Association because he talked about the state of Gibraltar and how dirty it was. That hasn't improved. There is one point which I think that I need to - and this is what I was saying before, I think, give the devil his due not obviously that I am saying that the Hon Mr Zammitt compares with the devil after he himself said yesterday how pure and white he is, but the reality is that we give praise where praise is due and it is the only area and, perhaps, only in a minor area where we have got an insight into what is the Government's objective - economic policy no, because economic policy is the whole - but the Government's objective, the Government's intention in the future, it is in the only area, of course, we still have to hear the Hon Minister for Economic Development, there might well be planning for the future in economic development but we will have to wait and see for that and obviously the Leader of the Opposition will tackle that. But it is the only area of the whole of the Governmental Departments where at least the Minister has been honest enough to give us an insight into what his ideas are for the future. Obviously, now we know what the Government intends to do and we will monitor that, that is if they have time because I don't think

that in the couple of months left before a GSLP Government they will have time to implement that. Mr Zammitt said yesterday that the Government did not support the shopping centre idea, he was quite clear. I am talking about tourism, obviously in its link with the Tourist Office. He said that as far as he was concerned excursionists were something which were good for Gibraltar and that certainly the Government would be trying to improve the product as far as being able to attract excursionists to go to visit different areas and I take it and I obviously will want to hear what the Minister for Economic Development has to say on the projects and I would also like to hear the time-scale of those projects and, in fact, what they mean. I referred to one yesterday which was the nature reserve, there is also the air terminal expansion - £23m, and really I think if the Minister would be kind enough to explain in his contribution what he means by these projects and why they are reserve votes and when the Government intend to have these projects in line but that was as far as the excursionists were concerned. I think the main thrust of the Government and it was clear and if I am mistaken then I will give way to the Hon Member, was of the tourism side of making Gibraltar a two or three-centre holiday where people would come here and would, in fact, stay here as tourists. That is the plan of the Government for tourism. There is no change as far as I can see in looking at the Hansard of previous years but at least this time the Government has quite clearly said what it intends to do as far as tourism is concerned with the added point that they have now quite clearly stated what their objectives are for the creation of more hotels and the creation of beds in the economy of Gibraltar in order to cater for the new situation which the Government want to create with these new two-centre or three-centre holidays. It is an increase from the present 1,850 beds to something in the region of between 4,500 and 5,000 beds, an increase of somewhere in the region of 2,000/3,000 more beds which the Government are confident that they can fill. Well, that is an objective and, of course, it is now up to the Opposition to look at what the Government are going to do to make that dream, if I can call it that but perhaps dream is not right, that objective into a reality and I think that is the purpose of coming to the House and discussing in the Budget what the Government intend to do. It is not only where you spend your pounds and your pennies, where you pay 50p for stationery and £2 more in wages, it is the Government giving an insight into their objectives. I think this is the only area where I have seen and we will monitor that to see whether the Government now intends to take steps to make this a reality. But over the past four years although in 1984 it was clearly announced that tourism was the second pillar of the economy, at no stage during these four years has anything concrete or clear like this ever come out in the House of Assembly and this is why we kept saying to the Government that there was no policy. This is quite

clear - shopping centre, excursionists and tourist two or three-centre holiday. That is clear and we can now come here next year, God willing, from that side of the House, and criticise or not criticise the Government in having taken policy decisions which will create this. But this is the kind of forward planning that the GSLP are referring to but, of course, we cannot do it in isolation for the Tourist Department, it is as part of an economic plan where every department is working in conjunction and this is why I said yesterday that one hand cannot be doing one thing and the other hand doing something different. I will not labour on the other of the departments which I shadow because I think we have got to a stage now where it is clearly understood by everybody in this House and outside this House what the positions are so I think to bring it all up again - I am referring to the Gibraltar Shiprepair Limited obviously - to bring up again; I mentioned yesterday what I would have liked to have heard from the Government. The Government in their intervention, the Hon and Learned Chief Minister rounded off, he did not mention any of the areas, on employment, in fact, he said that that was up to the company. So we have now two distinct positions which are very, very clear. One is the position of the Government which do not and continue not to exercise any major controls on GSL but who prefer for the Board to take on those decisions, obviously in the hope that if the company continues to deteriorate they can still put some distance between them and the company. I don't think that is possible but I think that is the manoeuvre of the Government. And the position of the GSLP which will take full political responsibility for GSL if we are elected into Government. As a consequence of that, Mr Speaker, we are unable to vote in favour of the £1m under the Treasury Head for GSL and we will abstain, obviously, for the same reasons we gave a month ago when we discussed the other £1m, we will not vote against because we think we cannot vote against £1m because it will keep employment in the company but we cannot vote in favour of the £1m until there is political and Governmental control of that company. One other thing that I have to mention and I mentioned it in the debate we had on GSL is that in any case I think that the House should have a copy of the business plan of the company for the future. If the business plan is so good as to warrant that we give the company not £2m as was said by my colleague Mr Perez this morning, but £2½m plus £100,000 for the Price Waterhouse Consultancy, nearly £2½m, £2.35m in fact. That is the reality. If the new business plan, what the company intends to do is so good as to merit that then I think the Opposition deserve a copy of that business plan so that we can also monitor the company so that if in the future as, undoubtedly, will happen, Mr Speaker, if the Government continue to have this kind of situation with the company, the Government will have to come back again to the House of Assembly to ask for more money for GSL. We will only support or not support that money if we have a copy of the business plan so that we can monitor ourselves whether the company

is getting to their desired end or not, as far as profitability, but we just cannot vote money here in a blind way, not knowing what the new business plan is and not knowing what the company want or don't want to do. That, I think, Mr Speaker, we cannot do. Mr Speaker, I think I have said enough already and I think I have to round off by saying I am disappointed. I think the people of Gibraltar are disappointed, the AACR Government have had four years, two and a half of which, three by the end of their term of office, has been in a new situation with an open frontier when they supported the Brussels Agreement and they said all that it would bring about for Gibraltar and all that they have been able to give Gibraltar in these four years has been something in the region of £8 back in income tax and not one single improvement in any other area of Gibraltar. On the contrary, a complete deterioration of our social services and not because of lack of the people who work there but because of lack of the Government to back what they say with putting their hands in their pocket, Mr Speaker. Thank you.

HON DR R G VALARINO:

Mr Speaker, as I did last year, let me dwell briefly on the Employment Survey Report for October, 1986. It is very encouraging to see that for the first time, the overall level of employment has passed the 12,000 mark. In fact, the total number of persons in employment rose from 11,626 in October, 1985, to 12,507 in October, 1986. This is a clear indication of the trend of increased economic activity in Gibraltar. Increased employment levels were more significant in the building and construction industry which is now the leading industry in terms of employment. And here I would like to mention that the points raised by the Hon Mr Feetham will be considered in this context in the levels of employment in the construction industry as far as local workers are concerned. Similarly, the wholesale and retail sector has experienced an increase of 92, over the same period. As expected, the level of employment in the financial sector is expanding very rapidly, from 653 in April, 1986, it increased to 701 in October, 1986. Also worth noting is the fact that the employment levels in the transport sector has nearly doubled. The point has now been reached where the level of employment in the private sector is virtually the same as in the official sector. Insofar as earnings are concerned, it is estimated that the average take home pay for a married couple with two children rose in real terms by 6.3% between October, 1985, and October, 1986. For adult persons in full-time employment the average weekly earnings increased from £134.05 in April, 1986, to £143.49 in October, 1986. I am very optimistic that the rising employment trends will continue to create employment for Gibraltarians and generate economic wealth in all sectors of the community. According to the 1986 Social Insurance statistics, the insured population has increased from 12,533 in 1985 to 13,633 in 1986, ie an

overall increase of 1,100. It is certainly worth noting that the number of self-employed persons has nearly doubled, the figures has increased from 488 in 1985 to 885 in 1986. This is no doubt a positive indication that more people are setting up businesses in Gibraltar. The continuing increases in the retail and wholesale sector, 117 and the financial sector, 161 are very promising indeed as these are areas where jobs are normally filled by Gibraltarians. I am glad to say that the overall level of unemployment in Gibraltar remains negligible in stark contrast to the position in virtually every other Western European country. I would like to deal with some of the points raised by the Hon Mr Mor in his contribution this morning. The first one concerned a difference of opinion regarding a certain figure. Let me say that when I told the House in December, 1986, that the value of the Fund stood at £13.67m in April, 1986, without taking account of the £4.5m committed to Spanish pensions, I did not mention the fact at that stage that £1.5m had already been paid to Spanish pensioners. The reason for this was that UK contributions to Spanish pensioners for 1986 was £6m or £1.5m per quarter and the payments made have therefore no real effect on the Fund itself at that stage.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. That is precisely what is contradicted by the audited accounts. The audited accounts show that the £1.5m, and I would refer him to statement 10, page 88, of the Annual Accounts for 1985/86 which have been tabled in this House and there he will find that from the local funds without the contribution from UK there is £1.5m for Spanish pensions for the first quarter. And he will then see that the balance in March, 1986, was £14m after paying £1.5m which was the point that I made when the matter was raised in Question Time and which the Hon Financial and Development Secretary told me I was incorrect and since we want to establish the facts for the record then whoever is incorrect will have to admit that he was incorrect. I am assuming that the Auditor is right, that I am able to read the Auditor's Report and that therefore I am correct.

HON DR R G VALARINO:

Mr Speaker, Sir, we are again going back to arithmetic and I can see from the Fund's account the Spanish pensions paid is £1.5m and the final figure is £14,136,514. This is at the end of March. What I said and if I go back to the previous Hansard.....

HON J BOSSANO:

At the end of March.

HON DR R G VALARINO:

No, I said in April.

HON J BOSSANO:

The 1st April is the day after the end of March.

HON DR R G VALARINO:

No, I did not say the 1st April. In fact, if you look at what I said because the meeting was after that, I said: "The value of the Social Insurance Fund stood at £13.67m in April, 1986". The difference between that and that which is not such a large difference. Remember you have got one month to take away, money could well have been brought over for certain specific purposes, what I would like to say is that.....

HON J BOSSANO:

Mr Speaker, he gave a lower figure for April than the figure for March so it couldn't have been that more money entered in April.

HON DR R G VALARINO:

No, what I am saying is that more money could have been brought over from the Fund to pay so that the Fund itself was lower in April, 1986. But what I would like to offer the Hon Gentleman and the Hon Mr Mor is that rather than talk about arithmetical progressions and quotations here, I would be delighted if the Hon Leader of the Opposition and Mr Mor could both come to the department, together with the Financial and Development Secretary.....

HON J BOSSANO:

A summit meeting.

HON DR R G VALARINO:

And then let us go over these figures because I don't think that the House of Assembly is exactly the place where we are going to fight over a discrepancy in figures. Let us work it out and then if you are not happy bring it here but let us first go over it because your interpretation could well not be the interpretation on this side of the House.

HON J BOSSANO:

Mr Speaker, it is not a matter of interpretation. The Hon Member made a statement here in December in moving a Bill. We consider that statement to be factually incorrect and that therefore the statement was misleading because it was incorrect. We asked him in a subsequent question how it could be out by £2m over a figure which referred to the past. If I ask him how much money is there going to be in six months' time, he can give me an estimate and it can be mistaken but if I ask him how much money there was six months' ago and there is a difference of £2m then we ask for an explanation. When we asked for an explanation we were told by the Hon Member that the difference was not £2m that the difference was £1m and he was supported by the Financial and Development Secretary and the point that we have been trying to make ever since and we either want him to tell us where we are mistaken or to admit that he was mistaken and retract what he said because that is what the Hon Minister for Economic Development advises we should do whenever we say something that we find subsequently to be incorrect. The £1m between the two figures, Mr Speaker, is with one figure not having deducted £1½m and with the other figure having deducted £1½m. So the Hon Member told us: "I have got £13½m of which I have to pay £4½m to Spanish pensioners and that leaves me £9m". But, in fact, that is not the case. The fact is that having paid already £1½m he had £11m so the difference between the two figures is between £9m and £11m because he has got £14m left, he has already paid £1½m, he has to deduct £3m. If you take £3m from £14m it leaves you £11m. The difference between £11m and £9m is £2m. We do not need a summit meeting in the Labour Department to establish whether the difference between £9m and £11m is £2m. Let the Hon Member think about it and if he finds we are right he can come back and do what will win him the praise of the Hon and Learned the Chief Minister and of the Hon Minister for Economic Development by coming back and retracting an incorrect statement which misled us at the time. Thank you very much, Mr Speaker.

HON DR R G VALARINO:

I am sorry, I still think otherwise. In fact, I carried on with my speech on the 16th December saying: "Taking account of the £4.5m committed towards". I think the word there is 'committed' because these £4.5m were committed. Therefore I think that both the Hon the Financial Secretary and myself explained this at the last meeting. This is what I am giving you now. If you want any further information I am quite happy, come to the department, we shall go over it and let us sort it out and if you are still not happy, right, bring it up here but I think that should be the end of that.

HON J BOSSANO:

Yes, we give up.

HON DR R G VALARINO:

If you have given up that easily you won't even stand a chance at the next elections.

HON J BOSSANO:

More than you have.

HON CHIEF MINISTER:

There is propaganda for you.

HON DR R G VALARINO:

Apart from that Mr Mor raised two other things of interest. He mentioned the EPA and how we had transferred it from one scheme to the other and made it tax free and he asked how could we have done that since all supplementary benefits are means tested. All supplementary benefits schemes are not means tested because within the supplementary benefits schemes we have got retirement allowances which are not means tested and elderly persons allowances which are not means tested. Therefore there are two out of three which are not means tested. Then he said that there is no way of telling from the Estimates the breakdown between the three of them. Well, I have got the breakdown, if he wants the breakdown I can give him the breakdown now or I will give it to him at the Committee Stage which is the simplest thing. Last year I gave it to him at the Committee Stage but otherwise there was nothing in the Hon Gentleman's speech regarding the Labour and Social Security Department. Although one of our main priorities is to control illegal employment, it is intended that during 1987 special emphasis will be given to the collection of contributions and the day-to-day compliance of Social Insurance Regulations. The intention is to keep a regular check on employers to ensure that workers are being insured and that insurance cards are stamped regularly as required by law. The late payment and, at times, the non-payment of social insurance contributions, which on many occasions end up with an arrears agreement, result in a substantial loss to the Fund in investments, etc. This neglectful and irresponsible attitude of many employers cannot be tolerated. I am fully aware that there is room for improvement in our Social Security Scheme and as I have already made public, the Department is at present undertaking an in-depth study of the Supplementary benefits scheme. One of our main objectives is to take into account the needs of specific groups of people rather than attempting to cater for individuals needs. Mr Speaker, I feel there is not

a great deal more I can say about the department. The department is working efficiently, it certainly worked extremely efficiently last year, I have every confidence that the trend will continue. In fact, I can only be grateful to all the members of my department for the tremendous burden that has been put upon them in many ways and I am glad that in this difficult situation that we find ourselves they are doing the job as best as they can.

HON J BOSSANO:

Can I ask the Hon Member two questions? On the question of ensuring that people meet with the requirements to stamp insurance cards, is the Minister providing any greater resources in the department to ensure that he has the manpower to do this in the inspectorate? Secondly, does he include ships registered in Gibraltar who are legally required to pay insurance stamp in his stride or is he limiting himself to firms operating in Gibraltar who are covered by the same law?

HON DR R G VALARINO:

Mr Speaker, as regards the first question let me say to the Hon Member that there will be a staff inspection on that section of the department which could well give extra bodies to the inspectorate section to help them in their job. They are certainly doing a very good job. As regards the second question, we are working on present legislation and I will probably be able to make a statement to the House at the next meeting explaining exactly how the situation is and I have no doubt that by then a much clearer picture will emerge. I would not like to go into the specifics of that one at this moment.

HON J BOSSANO:

Is anybody currently paying stamps on any ship or nobody at all?

HON DR R G VALARINO:

No, Sir, because, in fact, we did send two representatives to the Board of Trade and to Newcastle to find out exactly what the UK is doing about this and in which way we could set up the insurability of mariners and this is the paper that is being prepared. I certainly would not like to at this moment go any further than that in saying what they have brought back. As far as I know, the Hon Member as well is also writing to the UK and to various other countries trying to elicit some information.

HON J BOSSANO:

I understand what the Hon Member is doing because he has told us on many occasions about these visits to UK and information and so forth. I am talking about the law of Gibraltar. The law of Gibraltar presently says that somebody that has a ship registered in Gibraltar has to pay insurance. I want to know if there is any ship paying insurance or if there is any attempt being made to apply the present law because as far as I understand the Government doesn't have the right to ignore the law. As far as I understand, tomorrow anybody could get an injunction and require the Government to implement the law, that is my understanding of the law, isn't it so? I would like to be enlightened.

HON DR R G VALARINO:

Mr Speaker, at the moment nobody is paying social insurance contributions. The position is to be remedied by getting crews from the various vessels concerned but at this moment the answer that you require is no, Sir. There are various other minor matters in my Estimates which I am sure that at Committee Stage either the Hon Mr Mor or even Mr Michael Feetham would like to ask and I am prepared to give them a breakdown or give them the answer to whatever is necessary. Thank you, Sir.

HON M A FEETHAM:

Mr Speaker, having dealt with most of what I wanted to say at the stage of the Finance Bill, what I am going to be doing, in fact, is asking some questions on the Appropriation Bill which presumably will be answered by the Minister for Economic Development but at the same time taking the opportunity of responding to two or three comments which have been made by Ministers opposite which require a response from the Opposition. Can I just deal, first of all, briefly with the contribution of the Hon Minister for Labour. I think one of the things that we have to do is do away with the misconception that is being created about employment. My colleague, the Hon Mr Pilcher, in fact, said in response to the Minister for Tourism that the Government had made an objective in terms of establishing the number of beds for Gibraltar at 4,500 to 5,000 beds and I think that, as he said, that was a declaration of policy in that respect. Equally, Mr Speaker, when we talk about employment which is an area which has to be very cautiously monitored because of the repercussions at the end of the road, when we talk about employment and at the same time Government says because of our policy we have got 800 jobs in the economy, 1,000 jobs in the economy, in fact, 1,000 new work permits in the economy, we have to distinguish whether it is because of their policy or not, this is what we have to establish. Government have not created any of

those jobs. It has happened irrespective of what Government has been doing, let us be clear about that. If Government were to come to this House and say: "We as a Government are going through investment to create 500 new jobs and our projection levels are going to be that there will be in the economy not 12,000 jobs but 13,000 jobs or 14,000 jobs as a combination of public sector expenditure and of widening up our services to public and private sector development", then one can monitor Government's record in this respect as we go along because that is what we are talking about. In fact, there hasn't been as far as I am aware, one new job created in the industrial area by Government last year. When we talk about new jobs, Mr Speaker, what has been happening is regardless of what Government has been doing in terms of their own policies, in terms of their own expenditure and I wanted to clear that one up because it is important. In fact, as a pointer, Mr Speaker, when we look at what has been happening in the Department of Labour and Social Security you will see from their own statistics that they produce figures about the number of jobs - and we are talking about jobs, people sent to a specific job, a vacancy which has been created and you will see that it may not necessarily be a new job, it may be a vacancy left by somebody who has moved along somewhere else, you find that, in fact, during the whole of last year the department sends along something like 800 people to jobs from people registered as unemployed at one stage or another of their working career. In fact, from jobs taken from people not on the unemployment register it was 1,098. You can see that the trend is that as developments are getting off the ground, private sector developments and other areas of expansion, jobs are being created. Is Government saying that they are going to take the credit for that because I didn't see the Government wanting to take the credit in 1983/84 when 800 people lost their jobs. And certainly they didn't want to take the credit for it when we had the hump in development aid and we lost 1,500 jobs in fourteen months in economy or in sixteen months in the economy. When we talk about employment, when we talk about jobs, we need to be careful what we say but regardless of that what I would like to know from the Government as a general matter of policy as I am not referring just to the construction industry as I did yesterday, I have not heard the Minister say what is their policy on employment and how many jobs they expect the economy to sustain in Gibraltar. It is important that we know which way we are going in that respect. Having dealt with that aspect, Mr Speaker, the other thing I want to respond to is two or three things that were said during the course of the debate yesterday and this morning. One of the things that was said by the Hon Minister for Housing in response to my colleague, Mr Baldachino, was the policy that they are pursuing on low cost housing at Montagu Basin. He seemed to indicate since we really don't know anything officially, all we have heard is what has been said in the press, that there

are interested parties in the private sector who are thinking about a project in the Montagu Basin, no doubt in recent months something may have evolved since that statement came out in the Chronicle and Government may have heard something from the interested parties. He seemed to indicate that there was a commitment there that that area was going to go to a particular developer or even if it wasn't to a particular developer but they were thinking already that that was going to be developed and he said, which is the point I am coming to, that the area was going to be given free of charge and that Government were going to be paying for the infrastructure. When the Minister for Economic Development has his chance to reply perhaps he could confirm whether this is going to be the case because here we seem to be once again going in the path of commitments when it may well be that they may not be the next Government. I want to make it quite clear now that, as I have already said and I wish to repeat in case that there should be any shadow of doubt about it afterwards, that we will be coming in with our own investment programme, we will be coming in with our own housing programme and we shall not be committed to anything which is done at Montagu Basin if it doesn't fit in with our party and our policy. I say this because if there was intention to pursue the line that the Hon Minister for Housing has said of providing the infrastructure free of charge and so on, I would have expected if that commitment was there, I would have expected it to be reflected in the Improvement and Development Fund at least as a nominal contribution as they have done for Brympton and Catalan Bay of £100 because that would have shown his commitment but there is nothing there so it would seem to me that they are thinking about some possible date after the next general election. I think they are taking things a bit too far in that respect. As there is nothing there, not even in reserve in the Estimates I thought I should make that point quite clear. The other thing is, Mr Speaker, that when my colleague Miss Montegriffo made her contribution yesterday she did not refer at all to the Review Team, to the study on the medical services, because the Report had been provided to her and Members of the Opposition on a confidential basis but the Hon Minister did make use of it and it was clear in the House that consequently one could make some observations on the matter and respond. My colleague has already spoken so I wish to respond to this particular aspect and that is that having accepted the Report and having had the Report since January this year, one would have expected that since it is an urgent matter, we thought that there would be some reflection of Government's intention on the Report in the Estimates for this year. Consequently, Mr Speaker, perhaps some Member opposite may say when do they intend to have another five practitioners in the Health Centre, GP's. The recommendation is that there should be an increase from eight to thirteen and since there isn't anything in the Estimates for five extra doctors, we would like to know when they

intend to do something about this. The other thing is that the Report also recommends that another Health Centre be built at the other end of town to allow for five or six general practitioners who would practice there. If Government have accepted the Report and if they have intention of acting upon it with some urgency which is the real need, I would have thought that there would be something in these Estimates, in the Improvement and Development Fund for the construction of a new Health Centre at the other end of town, Mr Speaker. And, of course, it refers to their most important recommendation which is on page 28 when they recommend that it should include development of the primary care team. Again, Mr Speaker, there is nothing reflected in these Estimates that would indicate to us that the Government is acting with urgency in this respect and since my colleague has had no opportunity to be able to respond to the Minister yesterday, I would expect, hopefully, that some other Minister on that side would answer these questions on the medical services. Mr Speaker, during my contribution on the Finance Bill, I said that I would be referring to some aspects of the Improvement and Development Fund insofar as expenditure was concerned. I said that during the debate last year on the Finance Bill the Hon the Chief Minister had said that the level of the Improvement Fund was what they considered to be the minimum requirement and that the matter was being considered in the light of a reply which had been given the previous day by the British Government on aid generally, on the aid submission. I went on to say that whilst Government considered that to be the minimum, £6½m was the minimum, they went on to spend only £4.1m, they have underspent what they considered to be the minimum level in the Improvement and Development Fund and I said that I would be dealing with some areas of this under expenditure. Of course, I am referring to the fact that they underspent by £2.5m of which £2m was from local funds. I would like to know, Mr Speaker, why do we have expenditure earmarked and at the end of the day we come back the following year and the money has not been spent and that is why I was questioning whether it was wise again to have this year a projection of £8.5m in the Improvement and Development Fund and I questioned whether that money was going to be spent again this year because we have got a repetition of last year. I am not going to question them all, Mr Speaker, I am just going to make a point. Last year, for example, Government said that they were going to spend in 1986/87, £100,000 on problem buildings and, in fact, Mr Speaker, they spent £1,500 out of £100,000. In the external painting of pre-war buildings, Mr Speaker, they intended to spend £150,000 but in fact they have spent £4,500. In the painting of Estates, Mr Speaker, they projected to spend £¼m but they spent £44,000. Of course, as my colleagues have already said, there was the additional storeys at Laguna Estate which they projected to spend in building new storeys there of £150,000 and they didn't spend anything at all. And the other important area as part of our infrastructure, they also intended to spend to the tune of

£105,000 in certain improvements in the Upper Rock and they never spent a penny in that area. I would like to know, Mr Speaker, what explanation there is by Government this year in response to that under expenditure.

HON A J CANEPA:

May I make a point, Mr Speaker? I hope the Hon Member would be satisfied if there are answers forthcoming to get them at Committee Stage because I understand what he is doing is giving notice.

HON M A FEETHAM:

I think that since we are tackling the Appropriation Bill and we are talking about new expenditure this year, I think that it is appropriate at this stage to say why they didn't spend that money last year because we are just bringing it forward again to this year, Mr Speaker.

HON A J CANEPA:

I hope he doesn't expect answers during this debate.

HON M A FEETHAM:

Mr Speaker, I am as usual as reasonable as possible and I understand what the problem is and I will expect a reply in due course. Mr Speaker, when we look at the Improvement and Development Fund for this year in terms of new expenditure, we find that out of the £8.5m, £2m is brought forward from last year because of the under expenditure, £2.6m is of projects which have been there and which are in the process of being spent from previous years and, of course, we find that we have got £3.6m of new expenditure in the Improvement and Development Fund this year. The point that has to be made, Mr Speaker, is that in that £3.6m there is nothing new on housing at all. Apart from the fact that the storeys at Laguna, the additional storeys were not done and the money was not spent anywhere else, the only thing that I can find there is that they are going to build, and I think the Minister said twenty units at Catalan Bay and it is a development, in fact, which has never been mentioned before, it has just been mentioned now, the year before the election or six months before the election, it had not been mentioned at all. In fact, in the last meeting of the House when I asked the Minister to give a breakdown of the main development projects he listed them, as he usually does, he gave me all the information I asked but there was no mention of Catalan Bay in that list at the time, it is something which has been mentioned now at this point in time, fine, well and good for Catalan Bay but as we know those units are not for the Housing Waiting List and, as my colleagues have already said,

there is no hope of new Government housing from the Improvement and Development Fund because we cannot, quite frankly, classify Engineer House as new housing because Engineer House is not for rental, Engineer House is for sale. Mr Speaker, that is what my colleagues and myself are trying to emphasise that in fact out of all the new expenditure there is nothing there for housing, certainly nothing there for houses to rent. The other thing I think I should make an observation on is that in the old development programme, Mr Speaker, we had projects for re-siting of the Prison and I don't see anything in the development programme, I certainly don't see anything in the Estimates here about the Prison and perhaps a statement should be made in this respect because clearly the indications are that in recent times there has been, should I say, an overload factor in Prison and I would expect perhaps the Government should by this time be making a definite decision as to where they intend to have the new Prison, Mr Speaker. I don't think there is anything more that I have to say, Mr Speaker, because in my contribution in the Finance Bill I did raise certain observations with regard to, for example, the revenue of sales of land and houses from the Government housing stock which I would expect that the Hon Minister for Economic Development will respond to and we await with great interest his reply, Mr Speaker.

HON A J CANEPA:

Mr Speaker, though I am going to be dealing here and there perhaps with some of the specific questions that have been raised, I do not propose to do so across the whole board or in an exhaustive manner because it is, I think, in my view, more proper that specific questions should be asked in Committee when answers can be given and the Opposition can keep on coming back and the matter can be clarified fully and therefore I am really dealing in my contribution to this debate, much more in general terms. The very first point that I want to deal with is a totally political one and that is the question of a general election. I want to ask, why does a Government have to seriously consider shortening the period of office to which it is entitled. It is only three years and two months, Mr Speaker, since the present House was inaugurated and what is happening and to an even greater extent in the United Kingdom perhaps than in Gibraltar, is that the media creates and fosters election hysteria because a general election is always a very easy subject to write about and hardly a week goes by when two or three mornings in the news we don't hear in the UK press, the speculation on the front pages of public opinion polls about the state of the parties and when a general election is going to take place in the United Kingdom. I have no doubt in my mind that in 1983 and this year in 1987 the Conservative Government is being forced to an early election by the election hysteria from the media. The media have become

terribly powerful and they bring about a situation of lack of confidence to such an extent that the Government feels that they might as well go to the polls and get it over and done with. But what it means is that in the 1980's Governments in the United Kingdom seem to be sacrificing a year from their term of office, something that wasn't so much the case in the 1950's or in the 1960's. And here we have tended in Gibraltar over the years to have a full term pretty well. It was only the demise of the grand coalition that brought about an early election in 1972. We then went through our full term of office to the extent that the House was dissolved because it had exhausted its period of office in 1976, in July, and the election was at the end of September. We had a slightly earlier election than what we have intended to in early 1980 because the then Leader of the Opposition, Maurice Xiberras, resigned. It would have brought about a bye election, it was a very awkward situation for the Government so close to a general election, it need not have fought that bye election, it could have allowed the seat to be filled without a general election being contested and that was the immediate cause of our bringing the date forward. The next general election was four years after the previous one so I think a Government has a right to serve its full term of office. It is entitled to four Budgets, the Budgets are the instrument of policy, it is entitled to legislate during the last year if it so wants to. That the Opposition should challenge us to an early election, the earlier the better, the earlier the better for them in the hope that they win, if they don't then let them consider another four years in Opposition, let them seriously think about that. The Government has the advantage of timing, we can time the date of a general election. If it suits us to have a general election in June we can have it in June, if it suits us to have a general election after the summer, we have had it in September after everyone has returned from their holidays or we can have it in October. And if it suits us to sweat it out and make them sweat it out we can have the general election next winter or even early April next year. Those are the options that the Government has that they haven't got and I can understand their frustration but it is the prerogative of the Government and, in particular, the Chief Minister to decide on the date of the election and no amount of challenges from the Opposition are going to compel us to go to the people earlier or at a date that we don't judge to be the date that best suits us. I hope that I have put the lid on that one, at least for this meeting of the House. I also want to dispose of another matter. I wouldn't normally have spoken about it but it has been raised twice in the course of the debate and that is the shop assistants. After the exchanges this morning I asked the Department of Labour to let me have information going back from their records, going back to 1978. I have got it all here in time table form, I am not going to quote every single figure because that would be very time consuming. But what it does show is

this. I have got all the years for local sales assistants rate from 1978 to the present except for 1979 and 1980, there is a question mark, there is a lacuna in the files of the Labour Department. Perhaps the Hon Mr Bossano may remember what happened in 1979/80, it could have been that agreements were being reached out of the board by direct negotiations, that is what I think happened. I then have the corresponding figures every year for the United Kingdom, UK General Assistants in the Food and Allied Traders Wages Council Orders and the Labourer Band 'O' and the result of all is this, that the adult wage, 20 or 21, for shop assistants in Gibraltar has lagged every year and sometimes been lagging one year behind the corresponding figure for adult shop assistants in the United Kingdom except for April, 1987. We have put them on a par at the same time. But in the case of the labourer band 'O', the rate which is now £97.06 compared to shop assistants £85.41, the rate year by year is of the order of 20% higher for the band 'O' labourer.

HON J BOSSANO:

Not at the beginning.

HON A J CANEPA:

No, not at the beginning because the efficiency bonus was consolidated in 1984, that is the reason why. The disparity becomes somewhat more stark in 1984 because of the consolidation of the efficiency bonus. But that is, on average, the result that emerges from this examination of the rates.

HON J BOSSANO:

Will the Hon Member give way? I think the reason, Mr Speaker, why we raised it was because he mentioned the fact that the Government had been motivated in limiting the increase to below the recommendation of the Board because they didn't want to breach parity for the shop assistants. The point is that the Minister said that if his information was not correct and we understood that to mean that if we had information which contradicted his view we should bring it to his notice. The point about not breaching parity is that he ought to know, I would have thought, that when parity was introduced in 1978, for example, it was introduced on the basis of using the Ministry of Defence banding structure for everybody in the public sector including all the Government employees who in UK are employed by local authorities and paid less. The Minister must know that a band 'O' labourer in the Government would not get the pay that he is getting now except in some rare cases. The philosophy was that you couldn't have a labourer in the hospital on national health service rates, a labourer in the Education Department on local education authority rates because

it would be a complete conflict which would create disparities and anomalies and since the Government and the rest of the official employers gave as one of their primary reasons the stability in wage negotiations that would be introduced by having the system linked to UK, one wage linked to UK, obviously to have twenty different labourers rates would do the opposite. In that context the shop assistants and the other private sector workers who had been ahead of the official employers between 1974 and 1978 because they have been getting annual wage increases, were in fact able to come into line in 1978 with the labourers rate of 1978 of the public sector because for them the increase was not that big, they were already ahead. When bigger wage increases started coming through in 1979, 1980 and 1981 which is what we have seen reflected in huge surpluses in the Government, the big increases of 1978 to 1981 when, in some cases we are talking about 25% increases in UK being translated here, the private sector argued that they could not afford to keep up with that and they fell behind what they had established when parity was introduced and they fell behind what was the minimum wage in UK. This year, in fact, the Government Board that recommends the wages accepted that kind of argument from the shop assistants' representative who said: "For the last seven years we have fallen behind everybody else. This year we have got a chance, we should go ahead and try and catch up" and therefore the union was asking for 5p an hour less than the cleaners rate, the Board did not accept 5p an hour less, the Board recommended 15p an hour less and the Government has given them 26p an hour less. It is very difficult to explain why the Government feels that somebody that is clearly making an important contribution to our economy at this stage should be getting 26p an hour less than somebody cleaning a Government office. You explain that to the person slogging their guts out in a shop, Mr Speaker. We thought that a failure on the Government's part to take fully into account these arguments, if they gave us an opportunity to put them across now then, fine, then they might see there was more to it than simply saying they are going to breach parity because it isn't as straightforward and as simple as that. Also it is the first time that the Regulation of Wages Board has had its recommendation overruled and, in fact, in the past when they were recommending less than the UK the Government never came and said: "You are breaching parity because you are below UK so we are overruling you and paying more than you recommend". That has never happened although, in fact, there have been many instances when they have been below. And thirdly, I think the Government ought to know that, in fact, the £2.19 that they have adopted here is not the recommendation of the Wages Council in UK but it is by fiat by Mrs Thatcher. That is to say, Mrs Thatcher has done away with the Wages Council in UK and imposed £2.19 there which you in turn have adopted and imposed here, Mr Speaker, that is the fact of the case.

HON A J CANEPA:

Then, I think, if the Hon Member is factually correct, we can be accused by the union of having acted in a Thatcherite fashion. I just want to go back to 1978, Mr Speaker, the date that he has mentioned as a starting point and then perhaps the point doesn't have to be belaboured at this stage any further. In 1978 a labourer was getting on the 1st July, 1978, £32.50; a shop assistant in the United Kingdom in December, 1978, £42.10; and by agreement between the Chamber of Commerce and the union and notice of which was given in the Gibraltar Chronicle and I saw an extract of that on the 27th September, an adult shop assistant was being paid £36.30 here. Sir, there are two points of Mr Feetham that I am going to deal with at this stage. He said that jobs have not been created by the Government, that the Government is trying to take credit without having created jobs. He may be correct if what he means is, perhaps, that the jobs have not been directly created by the Government. But, surely, if the Government puts out a site to tender for development for whatever it might be, that is a contribution that the Government is making to employment in the short-term in the construction industry and in the longer term because of the use that is going to be made of that site. If the Government creates conditions by its policies, by its legislation for growth in the economy, for more people to be employed, then that is a contribution that the Government is making to growth and to more employment. And, incidentally, Mr Speaker, a significant number of jobs have been directly created by the Government as a result of the new economic conditions, as a result of new policies which have required that we create sections within Government departments to meet those conditions and also as a result of the requirements of an open frontier situation, Customs Officers, the Police, this is a direct contribution the Government has had to make. He asked a very pertinent question and an important question in my mind about Montagu Basin, who is going to pay for the infrastructure. I cannot answer that one fully at this stage because the Director of Crown Lands is at the moment drafting a paper for me as a result of the studies that the Crown Lands Department has made of the proposals that it has received from the consortium and these I have to take to my colleagues for a policy decision on the matter. But what I can say is this, if the Government doesn't pay for the infrastructure no doubt the prices to the prospective home buyers will be higher. The developers say that the magic figure in Gibraltar from their experience in marketing sales of homes, that the magic figure is around £35,000, that is is difficult to sell to local young Gibraltarians, young families, above that figure of £35,000 and this is a factor that we would have to take into account. I think the Government will have to view the matter from the point of view that here you have a site which the Government originally had thought that it might reclaim, before ODA cut off assistance,

we were thinking of reclaiming that site and of having public housing there. We are not able to do that and therefore the Government has got to consider, to my mind, one of the factors to take into account is what contribution should the Government be making to the success of that project. It can make a number of contributions, it can give incentives in the way that we have been giving in successive Budgets, it can arrange for long leases which makes it easier for people to raise mortgages and then there is the question of the infrastructure as well. I personally am very sympathetic to that point of view but it could be seen as a contribution that the Government makes and, as I say, we haven't yet been able to take a decision. I expect a decision to be taken shortly, within the next few weeks, within the next month or so. But in any case, even if we have taken a decision, supposing the Government had decided, yes, it is going to pay for the infrastructure, nevertheless it would probably have been early days yet to have been able to put into the Estimates anything more than a token because there is so much reclamation work that has to be done there and by the time a start is made it could well be that most of the financial year would be over before the question of actual laying of the infrastructure were to become a requirement. It might have been early days yet but that is the reason why no figure appears, there is no item in respect of Montagu Basin in the Estimates. Perhaps at a future meeting of the House or in any case even before, if the Government takes a decision about the future of Montagu Basin I think it has got to make it public naturally.

HON M A FEETHAM:

Can I just make an observation? Will that decision on Montagu Basin be made before or after Government have considered the other project which has been the cause of questions in this House of 325 units which have been presented by Gibraltar Consultants Limited?

HON A J CANEPA:

This is the project of Viaduct reclamation?

HON M A FEETHAM:

On the other side, yes.

HON A J CANEPA:

The Viaduct reclamation, well, I am going to have something to say about Viaduct reclamation in the course of my normal intervention. The two are not linked. The Montagu Basin, the proposals came in much before that but the view that I have formed is and I have so communicated

it to interested parties who have come to see me, the view that I have formed is that Viaduct reclamation because we have received proposals from various parties in the last couple of years, that that site should go out to tender. It is only in the case of Montagu Basin that we have been dealing with one single group, a consortium, no one had ever approached the Government about Montagu Basin with any proposals that is why I draw a distinction but that is the view that I take and I can only speak for myself because I haven't formally communicated anything to Government and therefore we have taken no decision.

HON J BOSSANO:

Could I just ask the Hon Member something about Montagu Basin before he moves on to something else? Is there any truth, in fact, I have heard commented that the project involves a subsidy from Government of £x per house is, in fact, the only Government assistance under consideration the provision of the infrastructure?

HON A J CANEPA:

That is the position. If there were to be Government assistance it would be the provision of infrastructure. The proposals do not envisage any direct Government subsidy. Sir, dealing generally with the Appropriation Bill, I think that the improved financial position of the Government itself over the past year confirms that the changes of the structure of the economy which have followed the lifting of frontier restrictions and the extent to which the distortions in the economy are beginning to be ironed out, have been of benefit not only to trade and the private sector but also to Government directly in terms of increased revenue. Initially there was an increased demand on Government services, this created a need to recruit additional staff, as I have already made reference, in particular in the Police and in the Customs Department. I think the need has, by and large, been satisfied and the smooth and efficient running of these Government departments should therefore no longer be impaired by lack of the necessary requirements. What it has meant though is that the Government has had to make some efforts in controlling the overall level of recurrent expenditure. It is astonishing what a very high proportion of Government expenditure is going on wages and salaries, the total bill is really a colossal one and in percentage terms I dare say that it must be certainly well over half Government expenditure, more of the order of 60%, I would imagine, is going in wages and salaries. In trying to control increases in real terms, I think we have met with some success. The estimate for total expenditure for 1986/87 was £66.7m. The forecast outturn stands at £68m, in other words, an increase in notional terms of some 2% but this does take account of the £1m contribution to GSL that was only recently approved. For 1987/88 the estimated expenditure is £69.9m.

That constitutes a rise of 3% over the forecast outturn for last year. Government revenue has been increasing by some 5% to 6% and with inflation running at under 5% over the period, effectively and in real terms expenditure has declined. What we have been able to do has been to reverse the position that we were in during the two years of the pedestrian opening of the frontier when the Hon Mr Bossano will recall the point that I used to make here and in debates over television that recurrent expenditure was not keeping pace with recurrent revenue, the position has now been completely reversed. But the rosier picture which is now emerging cannot, in my view, signal complacency for the future. I mentioned this last year and I repeat it now, services have not only got to be provided but they must be provided efficiently and if that is what Mr Pilcher, if that is part of what he has meant when he has said that the taxpayer questions what he is getting in return, then I certainly agree with him. With increased efficiency would come increased savings and hence more value for money for the taxpayer generally. This sense of efficiency has got to be sought and found by all sectors of the economy since it is of paramount importance if we are to sustain our economic recovery. If we haven't got efficiency though, I think that it is because people seem to be to a very considerable extent imbued by the syndrome of trying to get away with the least in return for what you receive. I think that that attitude is fairly rampant throughout Gibraltar and that is why productivity is low in many areas. Management has a very difficult task in managing and I will just comment and say that I think the Hon Mr Joe Pilcher himself knows a little bit about that, certainly more than I do have in regard to the difficulties that he himself has been having. Sometimes people are to blame even when they themselves are not paying for something as taxpayers. I was shocked when I arrived in the House on Monday morning to walk through the Piazza and to see the state of a fountain that was not paid for by the taxpayer. It is shocking and we have Public Works people this afternoon when I arrived early this afternoon cleaning the fountain. I think it is shameful that people should deal with a public fountain in that fashion, to have no regard for the litter, the cans and bottles that are put into it. I am afraid that it goes just beyond the Government, I think, a general programme of education and awareness and civic pride has to be instilled in people and if as a community, not just as a Government or as an Opposition, as a community we don't succeed in that then it is no use preaching and it is no use apportioning blame because the fundamental flaw lies with the community as a whole. That doesn't mean we have to be complacent, we still have to try but I am just pointing out that there are difficulties which would appear to be in some instances insuperable. I cannot accept, Mr Speaker, that everything that the taxpayer is getting is below the standard that he is entitled to expect, I cannot accept that as a general statement. I cannot accept that the social services are generally

deficient. I cannot accept that the services provided by the Department of Labour and Social Security are not up to standard. I cannot accept that our medical services are not up to standard. They may not be up to the best Western European standards but the best Western European standards are not prevalent throughout Western European communities and they certainly cannot be afforded by cities far in excess of the population that Gibraltar has. Our education services may today be going through the difficulties of very old school buildings that have not had over the years the maintenance that they required for a variety of reasons but that is the position elsewhere in Europe and yet we are lucky to have a Girls' Comprehensive School that, no British Government, not even a Labour Government would be able to afford, that is a matter for pride. That we were able to get that out of a Labour Government and generally the educational services, we are blessed with a profession to which I have great pride in belonging and I have many relatives that belong to that profession not just my wife, that we have a profession that sets standards and goes about its business in spite of the difficulties that we have had in the Boys' Comprehensive School, that is only one school, that is only fifty or sixty teachers out of 300 altogether which is far ahead of what you can expect in the United Kingdom. The Government here doesn't have to intervene in telling teachers what they teach in the curriculum as they are having to do in the United Kingdom because of the shameful matters that are being introduced into the school curriculum by the loony left that controls some Councils. We know what is happening, the attitude to many spheres of activity in life that are fundamental to any community, the attitude that we see prevalent in many schools there. I think that we shouldn't in election year and when we are debating a Budget and obviously the Opposition are not going to agree with that, we shouldn't decry too much what we have. I think there is a great deal to be grateful for and a great deal to be proud for and it is the work of successive Governments over the years. Obviously the Opposition have to pick loopholes and if material is given to them by some member of the TGWU who makes front page news on the Chronicle, the Opposition use it, perhaps we might have been tempted to do the same though we haven't done the same with the misfortunes of Mr Pilcher, we haven't made political capital out of that. Mr Speaker, I want to turn now to the development programme. Mr Feetham spoke about a figure of £50m. A figure of £50m certainly was never envisaged for any development programme for the four-year period between 1986 and 1990 and I think that I had occasion to explain that to him in the House previously. I think there was a bit of rounding up by the press in some articles where we were dealing with a much longer period than just four years. The development aid submission was more of the order of £30m and because the lapse of time in getting a reply from the ODA we have had to effectively, there has been slippage and because we only got £6m what we are now talking of, as

I think he knows, in terms of the next three years is more of the order of £20m. But that doesn't mean that there is nothing in the pipeline beyond that. What we are dealing with is what is considered to be essential over the next three years and after 1990 there are projects in the pipeline to the extent that there would be no difficulty in putting together, in identifying today the fundamentals of another development programme going beyond 1990. But one thing that has happened that has reduced the overall size of the programme is, of course, that two projects that we have been discussing in this meeting of the House have been taken out of the Government's programme. Montagu Basin - if the Government had included in its development programme a build of 600 units you can start working out how many millions that is and Vineyard - we produced five different schemes I think for Vineyard and in the end we had to abandon them when the ODA said there was no money for housing and rather than leave the site which was badly required for some housing to get off the ground we took the decision of launching it as part of the home ownership programme. But those two projects would add many millions to the overall size of the programme as it was being envisaged back in - when were we putting together a development programme, I think we were putting it together in 1985, I would imagine, 1984/85 may well include it. The other thing, of course, is that we can afford to be a little bit more relaxed these days about the need for a large Government programme having regard to the amount of activity that there is in the private sector. During the years of the closed frontier, Mr Bossano will remember the importance that was attached, the development programme was perhaps the most heated apart from the Finance Bill, the most heated part of the debate here in the House and the Government was questioned and chastised very closely about slippages and one of the most commonly heard words in the House was slippage. In those days, particularly, I remember that when I became Minister for Economic Development the next two or three years we were spending at the rate of over £10m per year which was a very sizeable contribution into the economy at that time in relative terms. But today a contribution of £10m per year by the Government to its own development programme no longer would have the impact compared to what is happening in the private sector than what it would have on its own if nothing was happening in the private sector. We can afford just to concentrate on what is completely essential and adopt a more relaxed attitude about many of the projects which are very desirable but which are not so essential in the short term. Last year at Budget time I gave the House a detailed account of the latest position of the projects included in the I&D Fund. I now want to comment on some of the more salient aspects of this next development programme. The request by Government for assistance from ODA was only received in April, 1986, so we then had to carry out a reappraisal of our development needs and a reconsideration of all our priorities to fully maximise

the use to which the UK £6m allocation could be put because not only was it a much lower figure than what we have hoped for but it had strings attached in the sense of the criteria so we had to re-examine the whole position. That is why really work has been delayed and delayed considerably. We are now of the view because of the ODA criteria that we should gear the bulk of the contribution from the United Kingdom, the bulk of the £6m to finance infrastructural projects by way of improvements to our electrical and water systems. We think that there is a far greater likelihood that these will receive a more positive response by ODA. But also, of course, it is important that if there is going to be as much development as is now taking place and which is in the pipeline to meet the demands of an expanding tourist sector and a growing economy that the infrastructure should be up to scratch. It was only in January this year that we had follow-up discussions with ODA officials that have meant that plans are now at a fairly finalised stage and, in fact, at the last meeting of the Forward Planning Committee last week we were able to learn from the officials present that two or three project applications have already been submitted, mainly projects of an infrastructural nature but we aren't just devoting our financial resources to infrastructural projects. Tourism, as a leading industry in the economy, features very prominently and funds have been provided for development, inter alia, of the Upper Galleries, Wellington Front, the Piazza and the Air Terminal. I want at this juncture, on the Air Terminal, Mr Speaker, to explain our thinking and to explain the alternatives which are under consideration. I have asked my colleague, Mr Zammitt, to Chair a Committee that will have a series of meetings with users of the airport with a view to making sure that we arrive at the correct option. The alternatives that we are considering are an extension to the present air terminal in a northerly direction that will include the air cargo shed. That is one alternative and that would meet our more immediate requirements except that if all the flights that appear and I am not for one moment thinking of flights from Spain, if all the projections of the airlines materialise by the time that extension to the air terminal is completed we will require another one because we will not be able to cope. The next alternative is you go across the road into the car park area, provide some car parking there and perhaps on the ground an additional floor and also a floor where you could have departures there and then there can be a bridge across Winston Churchill Avenue. And then we come to costs, you then have to consider to what extent that is cost effective. I think the first alternative is - and I am trying to quote from memory and perhaps Major Dellipiani or Mr Featherstone who are members of the Forward Planning Committee will correct me if I am wrong, I think the first alternative was in the order of £2½m. The second alternative would provide a bigger air terminal, I think it is of the order of £5m. But then when you start talking about £5m you begin to think

what about a third alternative? Might it not be better to have a new air terminal elsewhere, and no political overtones, I am not thinking of a new air terminal on British Lines Road though that would appear to be from a logistical and a practical point of view very logical, more so if 40% of arrivals are going up the coast so that would appear to be very logical but I am not thinking of that. We are thinking of the south dispersal area where the RAF have the hangar. I don't think the Ministry of Defence, we haven't approached them formally but we mentioned it in consideration of the draft City Plan and the indications are that they require that area. But the whole thing then has an additional dimension which I will put across just to provoke a little bit more thought from Hon Members opposite, the crossing of the runway by traffic. Do we then go for a tunnel under the existing road or do we go for an alternative crossing of the runway at Eastern Beach? That is what the planners are being asked to look at. I think that it is sensible forward planning, it is the proper way to go about alternatives and I hope that we will be able to arrive at the optimum solution. But that is the state of play on the air terminal taking it out of the ambit completely of talks about joint use of the airport, nothing to do with that.

HON J BOSSANO:

Will the Hon Member give way? Doesn't the fact that we have got £2½m in the Improvement and Development Fund indicate then that the option is the first one that he has mentioned, the £2½m one?

HON A J CANEPA:

At the time when the Estimates were drafted the preferred option was that but then the planners said: 'Hang on' or Mr Zammitt was saying: "I am having talks with the airlines and here we have information that GB Airways are going to Frankfurt and are going here and there, hang on. If we proceed with this by the time it is finished it may be so". That was the position then and therefore I have given much more information. That is the position, I don't think my colleagues here knew - who are not members of the Forward Planning Committee - the Chief Minister didn't know all that so they are now completely up-to-date with the state of play on that one as is the general public. Public sector investment in tourism is of the order of £3.5m exclusive of any Government financial assistance in respect of Rosia Bay and Queensway where you arrive at the formula regarding the payment for the infrastructure. If part of the infrastructure can be used by the Government for some other project, you arrive at the formula as to how you go about financing it. In addition we are fully aware, Mr Speaker, of the need to meet social needs. I have given an indication of that

already. Obviously in the field of housing, and in the field of education, to the tune of £5m and £1.8m respectively. We are, in addition, pressing on with our home ownership policy on the sale of flats, I think that that has been made abundantly clear and doesn't need any more repetition otherwise it would be repeating ad nauseum. I want to deal now, Mr Speaker, with the private sector development and I hope that I am able to wrap up my intervention in time for the commitment that I think Hon Members have. In last year's Budget speech when describing the sites that were earmarked for private development, I concluded that whilst Gibraltar was not experiencing a boom, it was certainly experiencing the prospect of a continuing growth in the economy and in economic development. Perhaps in the twelve months that have gone by and having regard to the number of sites which are currently under construction, I was perhaps overcautious in my projection though I still wouldn't say that we are experiencing a boom but certainly there is more activity than what I had thought would develop in a period of twelve months. The interest in development has spread elsewhere in the private sector where a number of schemes have begun and they are in a fairly advanced stage of construction, in many cases without any prompting from Government. Without any prompting but with a lot of propping-up up until this afternoon. Bland's Foundry has been a project of £3m; the Shell Petrol Station at Line Wall, £0.4m; the Old Line Wall School, £1.7m; these are typical examples. In the field of tourism and in the finance centre, activity has also led to substantial investments which, in total, approximate £6.5m mainly in refurbishment works in upgrading the hotels and in providing suitable premises for office use. Insofar as the major developments are concerned, the one at Water Gardens is of the order of £6.6m and that is, as can be seen, at a fairly advanced stage of construction. In fact, the third block, I am informed, is expected to be completed by the mid-summer of next year. Across the basin we have Phase II of the Marina Bay complex, £2.5m. That is now almost complete and all that remains is the fitting out of the commercial units on the lower floors. The company is currently developing proposals for a third phase. That would, hopefully, link that development with Sheppards Marina and result in the culmination of Waterport Basin that would be an important Yacht Marina in this part of the Mediterranean. The multi storey car park now appears to have shrugged off persistent teething problems, I think it is now getting literally off the ground. Foundation work is complete and works are now in progress on the structure of the lower floors. It is estimated at £6m and not only will it provide much needed parking on the fringes of the City Centre but the proposed commercial element fronting Main Street should also substantially improve the quality of architecture and the environment at the entrance to this important shopping/commercial street. Similarly, foundation work is soon to begin on the £4.5m project at the Old Command Education Centre which, as we all know, suffered some

delay because of the conservation lobby. That, I think, will generate a great deal of economic activity in a much needed area just off the hub of the commercial area in the City Centre. We hear traders even before the current difficulties of lack of access that they have been experiencing, we have been hearing traders in streets off Main Street complaining that they were not doing as well in the new situation as Main Street traders and I think that this prestigious development and attractive development just off Main Street may be a great help in diverting business away from Main Street. The proposals consist of a ground floor shopping area with a central piazza with restaurants and shops that will front Bell Lane with 23,000 sq ft of office accommodation and there will also be some twenty high quality apartments on the upper floors. The redevelopment of the City Bank, this is a £2m project; the old Line Wall School that I have already mentioned, will provide between them approximately 50,000 sq ft of office space and that should help to meet the increasing demand for this type of accommodation and, hopefully, stave off some of the pressure that the Development and Planning Commission is getting for conversions from pre-war dwellings into office accommodation. And unless we are able to stave off the pressure by having this type of office block development, I am very much afraid, Mr Speaker, that Main Street is going to cease to be a residential area before very long. In the field of tourism, there are substantial investments currently being injected by hoteliers. The standards of accommodation that I have seen are the sort that we expect nowadays and the construction of new hotels which has always seemed to be problematic even now, to some extent, there are indications that, for instance at Queensway it may be problematic because of the difficulty of getting finance for developments of this nature is at least becoming a possibility elsewhere. I am referring to a feasibility study by the developers into the construction of a hotel at Engineer Battery, we have now given planning approval for a 150 bed hotel and there will also be a Marina development in Rosia Bay and, as Hon Members know, two blocks of what - I have to be careful with the words I use - perhaps I should describe them as moderately sized blocks of apartments and commercial area on the ground floor in Rosia Parade. This development is costed at £8m. We have received tenders for the construction of a 100 bed hotel at the ex-caravan site at Catalan Bay. The proposals are encouraging, they have been considered by the Development and Planning Commission on planning grounds and will then go to the Land Board for adjudication. There is also a smaller hotel development which is the subject of a direct allocation I think of about 30 rooms at the area adjoining St Martin's School. That has also got now agreement in principle. Related to tourism the Northern Defences appear to require substantial investment in the order of £2m to £3m and the intention is that these with the World War II Tunnels, perhaps the World War II Tunnels as well will be invested in the Heritage Trust

with a view to restoring and developing these Defences, to open them up to the public and to provide an expansion to our tourist amenities. We are talking, Mr Speaker, of substantial in-roads having been made in respect of large scale commercial developments in the order of a staggering figure of £90m over the next two or three year period. It almost sounds like propaganda on another channel, doesn't it?

HON J E PILCHER:

Expensive propaganda.

HON A J CANEPA:

But they are beginning to contribute materially to our economy and are providing plenty of job opportunities. I think that in the future, I hope, that with what is in the pipeline we should be able to pause, look around and take in a deep breath and concentrate on areas of social development such as housing and also in satisfying the increasing demand for additional warehousing space and premises which are required for light industrial use. I think we have said enough about Montagu Basin already and I don't propose to be repetitive about that but I think that the success of Montagu Basin could really begin to break the backbone of our housing problem. I think that the concept of building low cost units for sale is a realistic way of tackling the housing problem. Perhaps, Mr Speaker, at this juncture I can deal with two points that were raised yesterday regarding Rosia Dale and the sale of other Government properties. Rosia Dale, there have been a series of queries on behalf of the Purchasers' Association by their solicitors. This has necessitated a number of amendments to the terms and conditions of the lease and the toing and froing that is a normal feature between legal chambers takes time to resolve. That is the main reason for the delay. The department immediately after Easter wrote to the solicitors, I think we have given replies to all their queries. What now remains is the request for a 150 year lease instead of the present offer of 99 and also to deal with the sale of bedsitters to other than sitting tenants. There are people who are interested in purchasing bedsitters, they are not sitting tenants but they are interested in doing that in order to solve housing problems that they anticipate for their children living with them and so on. They are complex issues, they have to be resolved and this has led to delays. But once these difficulties have been ironed out for Rosia Dale then the lease documents would become the prototype for other Estates and we can anticipate much quicker progress for the sale of these because we are not going to allow fundamental differences between the lease conditions for Rosia Dale and for Rose Shrine, St Joseph's or what have you. They will have to tow the line and that is why we are able once we break

the back of the problem with Rosia Dale, we are able to anticipate that we will be able to sell other Estates rather more quickly. I think it was the Hon Mr Baldachino who mentioned delays in respect of collecting premiums in respect of Crown Properties. There were two reasons for this - staffing problems in the Crown Lands Department which have now been solved and similar difficulties arose with documentation and in the purchasers being able without documentation, if they didn't have the documentation they were not able to get funds from the financial institutions but the situation is also now well under control and I am informed that the Crown Lands Department should have collected all the outstanding moneys within the next two months. In conclusion, Mr Speaker, to conclude therefore, I think the efforts which the Government is making in the control of recurrent expenditure, in its fiscal strategy, in its capital expenditure plans and in its approach to development in and by the private sector, are geared to the maximisation of the benefits to the economy which are accruing from an open frontier situation. That there has been economic growth no one can doubt and it is for us, the Government, to ensure that not only is momentum not lost but that the community as a whole will benefit from a fairer share of this new wealth.

MR SPEAKER:

I think perhaps we should now recess until tomorrow morning at 10.30.

The House recessed at 6.25 pm.

THURSDAY THE 30TH APRIL, 1987

The House resumed at 10.40 am.

MR SPEAKER:

I will remind the House that we are still at the Second Reading of the Appropriation Bill and I think I am right in inviting the Hon the Leader of the Opposition to make his contribution to the debate.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If I may before the Hon Leader of the Opposition rises, Mr Speaker, I tender my apologies to the House that we have not, in fact, circulated what we call a new page 5 before this moment. Normally this is circulated after the Chief Minister's speech, I am afraid that through some misunderstanding in our team we rather got it wrong this year and I apologise to Members for that oversight. It will now be circulated.

MR SPEAKER:

There are several new pages as a matter of fact and not just page 5, as consequential amendments.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I think one of them is the mainstay of the Funded Services, instead of a deficit, it is a contribution.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I normally only contribute once in the Budget either on the Finance Bill or in the Appropriation Bill. I am breaking my own rules this year, possibly because it is my last Budget. I want to clear a few points, first of all, I don't want Hon Members to think I live in cuckoo-land, I live in Gibraltar but I refer to this because of the remarks I made on defence and Nicaragua and Libya and all the rest. May I say that unfortunately one of the newspapers has completely reported the statements that I made yesterday in a completely wrong way. First of all, I made the point comparing my attitude on Libya last year and the Americans and the Americans this year over Iran and the hostages question because I sympathised last year with the Libyan offensive by the Americans. I do not want anybody to think that I am a mouthpiece of the Americans or the stooge and I am quite prepared to criticise them over the hostages question this year. I want to make that clear. It is not a question that I live in cuckoo-land. I commented on it because of defence. Because last year the Libyan crisis put us at risk and this is why I raised the question of defence last year. Defence is still a matter that I am concerned with and I have the support of the Foreign Secretary. Trade and defence cannot be disentangled and I am quoting from a remark he made last Monday in New Zealand in the context of the non-nuclear defence of New Zealand. Because I see defence in Gibraltar not only because we are concerned for the defence of Gibraltar but because it is also connected with trade. The more defence spent in Gibraltar the better the economic situation is in Gibraltar. If the British Government spends more money on defence in Gibraltar they might be more reasonable in their attitude towards land. It might justify the huge piece of land that they still hold with a diminishing presence in Gibraltar. This is an important message I am giving to the House. I am not living in cuckoo-land, I am concerned about world affairs, I am more concerned with the affairs of Gibraltar. May I, Sir, now turn to some of the practical matters that have been raised by Hon Members opposite. I would like to refer, first of all, to the question of maintenance and surveys which I think was brought up by the Hon Juan Carlos Perez and to some extent by the Hon Mr Baldachino. I have in front of me a news bulletin on a seminar held by the Organisation for Economic Cooperation and Development

at a meeting attended by thirteen of the leading western countries. It refers specifically with the problem of maintenance in schools. I know it is no consolation to think that other people have the same problems and that we should be better, but I think when we talk of the leading thirteen western countries sharing the same problem as ours it goes to illustrate that the problems that we have are not as big as the problems that other countries have. Broad agreement was reached among the delegates who attended the seminar and the endemic problems were identified as follows: insufficient funds for adequate maintenance; inability to present sufficient justification for increasing funds; a noticeable deterioration in the conditions of educational buildings with knock-on effects of morale of the users; disruption and possible breakdown of the ability to deliver an educational service. All these problems have been identified as endemic in all thirteen of the western countries of the Organisation for Economic Cooperation and Development. The seminar advocated the following plan: establish a conditions survey; establish realistic budget levels; convince politicians - key people; arrange dedicated flexible budgets; examine the maintenance organisation; establish standards; review performance. As you can see, Mr Speaker, the problems faced by other countries are the problems we are facing in Gibraltar. I have no doubt in my mind that part of the problems with the general infrastructure of Gibraltar had a lot to do with the siege conditions that we went through over the past sixteen years. The Government concentrated on basic services and left a lot of the other problems untackled and I think rightly so. I was Minister for Education from 1978, I think, to 1983, certainly for about five years. I do remember on first contacts with Bayside School, I asked the teachers what was their greatest concern, what was the first thing that they wanted to be done to that school. The answer was that their main concern in 1978 was that they wanted a bigger staff room. I put that in my Budget and the bigger staff room was built. Subsequently we had problems with the voids underneath Archbishop Amigo House which were being used as classrooms. They were totally inadequate. The Gibraltar Teachers Association and the school staff approached me again and we managed to spend something like £5m, extended the school and converted the voids into flats. I am just trying to illustrate, Mr Speaker, that the Government has reacted on many occasions to suggestions from the teachers at Bayside. I also introduced a system whereby early in the term in September all schools should have to test their heaters because it is no use switching on the heaters on the first day that the weather changed and it became cold because we didn't know what had happened since the last winter and we used to have the chaotic situation year in year out where all the schools switched on their heaters on the first day that it was cold and, of course, after not being used for seven or eight months there were problems with them. So I introduced the system where all the heaters should

be checked before the winter. I must report, Mr Speaker, that all the heaters in Bayside School were checked and repaired before the outset of the first cold days. Within months after all the problems of the heaters were highlighted by the teachers, with electrical shocks, etc, the Public Works Department Electrical Section who incidentally even the teachers admit react very quickly to their requests, carried an examination of all the heaters in the school. 50% of those heaters were discovered to be damaged or vandalised. That is no one's fault but the poor supervision of the school itself. I have great sympathy for the Bayside school teachers. I have no doubt in my mind that at the back of their minds and the problems really started and I was there, when Westside School was built. That Westside School is a far better school than Bayside and at the back of their minds, unintentionally, they are trying to build up a school as good as Westside. So everything that goes wrong is highlighted even further. I remember in my time as Minister for Education the great admiration I had for the Girls' School and their staff for the way they catered year in year out split into about three or four different schools, all except for the Mackintosh Hall wing and they carried on without causing me any problems whatsoever. It just shows you that however good the teachers, and I have great respect for the teachers, all it takes is a few hotheads and most people fall in line. I know there are problems in Bayside School, it is a problem to do with design, it is a problem of three or four buildings being joined together with different materials which react to weather in different ways and causes filtration of water, most of the windows are louver windows which are not ideal for the conditions in Gibraltar when we have a wind rain effect. A survey has been conducted of this school, a very comprehensive survey, in fact, and now it is just a question of priorities. Because if we went and dealt with the survey and the requests of the teachers in the school to upgrade the standards of Bayside, the figures would run into well over £1m not because there is £1m worth of things that are wrong but because there is an attitude of increasing the standard to Westside School. The Government together with the teachers - by teachers I mean the headmaster and his staff - we had to get together and they are already getting together to programme works of maintenance and improvements according to priorities and not to desirabilities. The Public Works Department are also increasing the manning levels of the Cleansing Section of Gibraltar. But there is a limit to what the Government can do. We are going to reach a stage where for every visitor and every resident of Gibraltar we are going to have a sweeper behind the chap when he walks around Gibraltar. This is ridiculous. I think the Cleansing Department on the whole gives a good service but it is the attitude of the residents of Gibraltar and, indeed, to the visitors of Gibraltar because we have had to increase the Vote to look after the tourist sites areas because of the mess that the

visitors make to the car park area, in the Cable Car area and in St Michael's Cave area to quote only three. This is not done by the residents of Gibraltar, this is done by the visitors to Gibraltar who complain how dirty Gibraltar is and in one of my votes the Hon Member who shadows me will note that we have increased the question of cleansing in the tourist sites areas. I am pleased to hear that the Hon Mr Pilcher wants value for money for taxpayers. I am completely in agreement with him but value for money for the taxpayers is not solely the responsibility of the Government, it is also the responsibility of the people who work for Government. I will quote two instances. We have a very bad organisation system of burning bulk waste, totally unsafe and not particularly effective. The Government after a lot of thought from the Public Works Department, order two specially made bulk waste disposals. The bulk waste disposal unit which were pretty expensive have not been used because two of the workmen there who earn at this moment or were earning £200-plus a week and whose banding before this disposal units were brought to Gibraltar were on Band 4, whose lives were at risk at that time, where the conditions of employment were bad, we upgraded them from Band 4 to Band 6 which meant a further substantial increase because of the overtime involved and yet they are blacking the bulk waste disposal units because they want Band 8. In actual fact they were worse off because they had a lower banding in Band 4 and they were worse off in conditions when they are on Band 4. This, Mr Speaker, in my opinion, is sheer greed. I now turn to another department which could be more cost effective and I mentioned in my intervention on the Finance Bill, the Electricity Department. There is a £3m engine lying idle at Waterport, not being used by the Gibraltar Government because it is blacked by the Transport and General Workers Union. But what annoys me most, Mr Speaker, is that as a whole and barring a few exceptions, the electrical sector as they have been identified in our statistics, that they are the highest paid sector in Gibraltar, the Electricity Department and yet, again sheer greed, a £3m engine is lying idle and if this is not put into stream soon the cost to the Gibraltar taxpayer this winter will be enormous. The Hon Juan Carlos Perez expressed disappointment at the redundancies in the Sand Quarry and the manning levels of the Telephone Department. We have talked a lot in this House of Traynor-bashing, I think we can now talk about Gibraltar Government-bashing because if the Transport and General Workers Union had adopted the same attitude on redundancies to Bland's over the Mons Calpe on the foundry and to the PSA and the MOD, perhaps there wouldn't have been so many redundancies in this area. On the Telephones, because of a technical point brought about by the Transport and General Workers Union in that they say that they were not consulted on manning levels.....

HON J C PEREZ:

Will the Hon Member give way? I think perhaps he should find out that the Hon Mr Perez has already committed himself to leave the complement as it is because he has accepted my arguments on the Telephone.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I am just trying to point out that there is a different approach by the Transport and General Workers Union when it deals with the Government and when it deals with other departments or the private sector. There were no redundancies in the Telephone Department, it just happened that somebody was retiring or had resigned and the Government felt that there was no need to replace him. On the question of the Sand Quarry, I have tried very hard, in fact, to be able to slot these people into Government and they are not lying idle at the moment, they are working on a sub-contract for the Public Works Department.

HON J C PEREZ:

I never said they were lying idle.

HON MAJOR F J DELLIPIANI:

If we look at Hansard you said they were being paid for doing nothing.

HON J C PEREZ:

I have got my speech written.

MR SPEAKER:

No, let's not speak across the House.

HON MAJOR F J DELLIPIANI:

We will wait for Hansard. Mr Speaker, the redundancies at the Sand Quarry is something that concerns me too but it is not just a question of slotting them in with their own grades because other members within the Government Departments will complain that they are senior to them within the Department. The Government is looking into the matter with much more concern than what Hon Members think. May I, Mr Speaker, take this opportunity as my last Budget speech where you are always so lenient in what I say, take this opportunity of thanking you, Mr Speaker, and your staff for the excellent service and care and attention you have always given me in this House.

MR SPEAKER:

Thank you very much.

HON J C PEREZ:

Mr Speaker, if I may, I think that it is in order in the same way as I clarified my statement yesterday at the request of Mr Canepa, that Major Dellipiani should do likewise to me because what I said, and I am quoting the part of what I said yesterday about the men at the Quarry Company: "The workers are being employed on other tasks but even the process of winding up seems to be taking as long as it took the first grain of sand to slide down the chute when it was first installed". I never said they were lying idle and I would like the Hon Major Dellipiani to retract that please.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I will retract it when we read Hansard.

HON J BOSSANO:

Mr Speaker, we have now heard all the Members of the Government speaking to both the Appropriation and the Finance Bill except for the Chief Minister who has the right of reply and, of course, the Financial and Development Secretary. The points that have been raised by us in the vast majority have not been answered and therefore I shall mention some of those that have not been answered again as well as any new ones at this stage, in case it has been an oversight to give the Hon and Learned the Chief Minister an opportunity to reply if he wants to reply. I think, however, before I list the areas that I feel have not been adequately covered by the Government, I need to make some reference, in passing, to the comments made by a number of Ministers who followed me in the Finance Bill. The situation is that traditionally, since we took over the Opposition in 1984, I have been the speaker immediately replying after the recess to the Finance Bill in the knowledge that the Chief Minister and the Financial and Development Secretary are in a position both to speak after me. I don't think it has been the practice that as well as that every single Minister should feel they have to answer me as well. Be that as it may, it doesn't bother me in the least that my contributions in this House should disappoint the AACR because, in fact, I have not been elected by the people of Gibraltar here to please the AACR. I have been elected to carry out a role as the Leader of the Opposition and my party as the Opposition party has to have a responsibility to provide effective opposition by exposing the areas of the Government that we feel are not functioning properly and holding the Government to account, that is what we

have been elected to do and that is what we are trying to do. Therefore, if instead of explaining and defending and convincing us of the wisdom of their fiscal policies the Hon Mr Canepa wishes to act the clown and say I am doing a strip tease and that he wants to know what I have beneath my G-string, then we might be amused in this House as a result or Mr Mascarenhas tells me that I have left the Government in limbo. I think the Government were in limbo before I came across them or Mr Brian Perez says I know nothing about the finance centre and how it works and makes some rather unparliamentary remarks about the Opposition dropping their underwear including the Hon Lady Member of the Opposition. All I can say is that that performance, Mr Speaker, I think was highly regrettable and I am sorry Mr Perez is not here in the Chamber to listen to what I have to say but I think it is important particularly in a Budget which for the first time is being broadcast to the people of Gibraltar that we give the people of Gibraltar an impression that we take the business of being in the House more seriously than one would assume from those contributions. It is all very well for the Hon Major Dellipiani to start questioning the productivity of the highest paid members of the Government, the workforce. Clearly we are being paid, both of us in Government and in Opposition, to do a job and although there is no reason why there shouldn't be a certain amount of levity in our contributions occasionally and that is perfectly normal in parliamentary systems, I think there is a situation where primarily it is the Government that has to explain its policies and the Government cannot expect to get away with spending all its time complaining about the fact that the Opposition doesn't explain its policies. The Opposition has to explain what it is doing when it becomes the Government. At the moment it doesn't have to explain anything because it hasn't got the responsibility of governing. We may be able to do it better or worse but that is a matter for the people of Gibraltar to judge when the time comes. But, certainly, performances like that of Mr Brian Perez, in particular, I am afraid leave me to have to say that in 1984 during the election campaign I made a speech outside the front of the House of Assembly which I know upset him very much, Mr Speaker, when I said he was a tuppenny ha'penny lawyer and I regret to say that he has halved his standing in my estimation and I now consider him to be a penny-farthing one.

MR SPEAKER:

A what?

HON J BOSSANO:

A penny-farthing. For those of us who can still remember what a farthing was like. Having said that, I want to get on to the business before the House but I would apologise to our listening public for the performance of Government Ministers and tell them that they are not usually as bad as that.

HON CHIEF MINISTER:

If the Hon Member will give way.

HON J BOSSANO:

The Hon Member is going to be able to answer me and I will give way if he is going to make some point about some question that I am asking but the fact that he doesn't want me to apologise....

HON CHIEF MINISTER:

Not for us, you apologise for yourself.

HON J BOSSANO:

We have done nothing, Mr Speaker, which we need to apologise for. I would like to apologise to our listeners for the behaviour and assure them that they are not normally that bad, this is an exceptionally bad hearing that they have been through on the Budget. Of course, the GSLP will continue, however much it gets baited from the other side, to stick to what it promised the people of Gibraltar it would do in the Official Opening of the House after the 1984 election. That is to say, that we would try and produce a critical approach to Government policy and not allow the level of debate to deteriorate to petty sort of squabbling which really does no good for the standing of the House, does no good for standing of politicians and can only, in fact, detract us from the real issues which is how are we spending the money of the people of Gibraltar and what direction is Gibraltar being led into by the AACR Government. The analysis, Mr Speaker, that I made during the Finance Bill which disappointed Members opposite, was based on the statements made by the Government, that is, primarily the statements made by the Chief Minister and the Financial and Development Secretary and the study of those statements and of the accounts. Of course, the question of liquidity did not appear in that statement. The Hon Mr Perez said that the liquidity of the Government had gone from £7m to £14m, that those were facts of which we have only just become aware, not in the Finance Bill when we should have been made aware of it and certainly not in the closing sentence of the closing speech on the Finance Bill when we can no longer take the matter back to the original debate. I am not sure that the Hon Member has got the foggiest idea of what he was talking about and if he were sitting here in the Chamber I would give way to him and invite him to explain to the House what is this increase in liquidity that he was quoting as the factual statement of the success of the economic policies of the AACR, how it has been arrived at and which policies have produced it. Of course, I think he just latched

on to that sentence primarily because it was delivered in such a triumphant tone by the Hon Financial and Development Secretary in his closing speech that Mr Perez must have considered that to have been the clinching argument of the economic programme of the party in which he now militates. I have no doubt that the Hon Financial and Development Secretary when he replies will be able to set some light on the matter even if Mr Perez would not have been able to, Mr Speaker. But the situation as far as we are concerned is that this is a totally new concept and I think it exposes, in fact, the Financial Secretary and substantiates the accusations that we have made that he misleads the House. The Financial Secretary behaves as if he were a politician and he is not. The policies that he has to implement are those of the AACR. They have the political responsibility and they have to answer to the electorate, Mr Speaker. The Hon Member finished his contribution in his last sentences, as I have said, with a flourish saying that of course I was constantly badgering him about deficits and about reserves and about the Consolidated Fund and none of these things really mattered, what mattered was the total liquidity of the Government. Well, Mr Speaker, that may well be so. I think if that is so the conversion of the Financial and Development Secretary in this Budget is, perhaps, something that has not yet been explained and needs to be explained by the Government because I am not sure whether it is the Hon Financial and Development Secretary that has been converted to this new theory or the entire Government that has been converted to this new theory. Certainly in this year in his statement he makes no mention of the Consolidated Fund. However, in 1984, his first Budget, he told the House: "The balance of £7.1m in the Consolidated Fund compares with one of £12m at the 31st March, 1983. However, I must again repeat what was said during the debate on the 1982/83 Accounts" - which was the audited accounts for that year, where I had brought a motion noting the Accounts - "and what my predecessor said on this occasion last year - and he, incidentally, was repeating what he said the year before that". The Hon Member brought Mr Wallace out of retirement before I did actually, Mr Speaker - "and that this amount is eroded by the value of unpaid bills for municipal services and rents. Action has already been taken to strengthen the Arrears Section" and so forth. It seems to me perfectly legitimate, Mr Speaker, if this is the first speech of the Financial Secretary in 1984 and we are the Opposition in 1984, that we follow this up and we keep on the pressure on him because he tells us in 1984 and he presents a statement to this House saying: "The situation is very bad because the reserves are going down and because we have got deficits". So the going down of the reserves is a serious and an important thing which justifies budget increases of £1.2m in 1984. We move to the Hon Member's view in 1985 and there, Mr Speaker, in the 1985 Budget speech the Hon Member says: "The position revealed in the Estimates show a current deficit for the year of just under £3½m. The erosion

of the reserves in the Consolidated Fund would therefore pose a serious threat to Government liquidity". The word 'liquidity' appears in 1985 in relation to the reserves and to the dangerous situation of deficits and reductions in reserves in the Consolidated Fund. He was then using it to justify borrowing for the current account. He was wrong, of course, his predictions were totally wrong. He has got an abysmal record, Mr Speaker, since he arrived in this House at projecting results.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I said the frontier was going to open.

HON J BOSSANO:

Well, Mr Speaker, his worst record is in 1984 actually, thirteen months before the frontier opened. He was more out in 1984 than he was in 1985, actually, Mr Speaker. And, of course, in 1986, Mr Speaker, again he mentions the reserves and again he mentions the deficits. The Hon Member therefore makes a Budget speech this year which for the first time does not draw attention to the level of reserves and for the first time does not draw attention to the amount standing in the Consolidated Fund and this has followed his innovations in borrowing and his innovation in showing borrowing as recurrent revenue. If he wants to take the credit for certain things then at least he ought to be consistent. He cannot as he has done chastise me publicly in correspondence last July because I was trying to persuade him not to borrow more which he was defending as a perfectly sensible policy and then say how good a Financial Secretary he is because he has not borrowed more which according to him was not what he ought to be doing but what I was telling him to do. When we look, Mr Speaker, at the question of borrowing in which we had a highly controversial set of letters last July, we can ask ourselves if we were participating in a quiz, has Traynor reduced the national debt, true or false? True according to the Financial Secretary and Mr Perez, false according to the GSLP. Mr Perez urged us to insist on facts and to stick to facts and I agree entirely with that, Mr Speaker. Presumably the facts must be that we must look at the national debt before Traynor arrived at the scene, that is to say, if Traynor increases the debt in 1985 and 1986 and reduces it in 1987 but is still higher than it was when he came to Gibraltar in 1984 he has not reduced it, he may be reducing it this year. And when he talks about reducing it what he is really telling us, Mr Speaker, is that the debt was programmed to come down before he came. It isn't that he has decided, he has reduced the debt, no, the debt had a life and was declining and that decline is reflected in letters from him to me of 1984 in which he told me what was the projected debt servicing costs which were to reach a peak and then start declining.

In fact, to show, Mr Speaker, how it is possible to mislead the House, the Hon Member in last year's Budget and, again, in correspondence has said that the cost of servicing the debt by his borrowing from Indosuez was going to be reduced by £1.7m in 1986/87 and £1.7m in 1987/88. Had he not borrowed from Indosuez he would have had to pay back Midland Bank £1.6m this year and £1.6m last year. What does the Hon Member do? He goes to Indosuez and he borrows £4m and he pays the £4m to Midland Bank. He says: "We cannot count the fact that I am paying £4m instead of £1.6m in 1986/87 as an increase in the servicing of the debt. However, we can count the fact that I am not paying it in 1987/88 as a decrease". That is to say, he has paid the debt earlier, the fact that it has gone up the year before is not an increase, the fact that it has come down the year after because he has already paid it is a decline. That is the kind of arithmetic of the Hon Member. In fact, the national debt of Gibraltar today is higher than it was at the end of 1984, it went up in 1985 and it went up in 1986 and it was scheduled to come down more than it has because, in fact, it was scheduled to be repaid and had we repaid the £1.6m to Midland Bank last year and the £1.6m to Midland Bank this year out of the normal recurrent expenditure out of the Consolidated Fund and not from having borrowed then we would not owe that £4m today to Indosuez so our debt would be that £4m less, we would have now paid £3.4m to Midland Bank and we would have to pay the final instalment because the loan had to be repaid in five instalments, we would have to pay the final instalment in 1988/89. Those are facts that can be checked, the loan agreements are there, the dates when they were supposed to be paid, it is all on record, Mr Speaker. However, if we have a situation where the amount in the reserves do not matter and the repayment of loans can be financed by raising other loans because the Hon Member every time that I question him on something, Mr Speaker, he comes up with a theoretical argument that changes the rules of the game. The last time I challenged him on the question of how to fund public debt his argument was that Governments don't repay debt, they refinance them. In Gibraltar the situation that we have had until now - and this is why I am not sure really about whose policy I am talking from the Opposition, Mr Speaker, because we have a situation where the Hon Member wrote to me, for example, on the 21st July and said in relation to the argument that I had been putting that it would be wrong to borrow money for recurrent expenditure and it would be wrong to borrow for reducing taxation revenue. The Hon Member said that that argument, the argument that he said I was arguing, that the money will not benefit Gibraltar unless it is invested was an argument reminiscent of the Stalin era. What he considered to be reminiscent of the Stalin era was an argument fully accepted by the Hon and Learned the Chief Minister who said in this House that it would be immoral to borrow money to reduce taxation and who told the House of Assembly in 1985 that it was bridging

finance that he was getting in the Loans Empowering Ordinance of 1985 and that the Foreign Office had had the condescension to agree to it because of the anticipated negative effects of the frontier opening. That is to say, at that time the Hon and Learned Member was a prophet of doom for his colleague Mr Perez and a Stalinist for his Financial Secretary. The difficulty, of course, is that I could understand that argument like I can understand the argument the Hon and Learned the Chief Minister has put in this House where he has said since his City Council days he has always argued that capital spending should be financed by loans. That is reminiscent of the Stalin era, Mr Speaker, in the worst days of Stalin and even the Politburo, the Soviet Union no longer think like that but the Hon and Learned Chief Minister and I still do. I imagine the Hon Financial and Development Secretary is also beginning to think like that because he has told us in this House that if he takes out new borrowing powers it will be for capital spending. I mentioned earlier, Mr Speaker, the Budget speech of 1986 of the Hon Member where he was still talking about the need to maintain reserves and, of course, as well as talking about the need to maintain reserves he told us then that the national income growth in 1985 probably had gone no more than 2% or 3% up. Not the kind of percentages the Hon Member thinks opposite. The Hon Member wants us to stick to facts. Mr Perez stands here and says: "The economy has gone up by 15%". We must have the facts, are those the facts? Well, first of all, I would say the facts are that we get an abstract of statistics the day we start in the House with import figures of 1985 because the machinery of the Government has still not produced accurate data of 1986, those are the facts. Therefore I have to stick to the information provided to me by the Government because I have no other source, Mr Speaker, but what is wrong is that if the Government is going to defend their policy here they seek to defend it using information that is not available to this side of the House, that is wrong, so if the Hon Member has got information that I haven't got which makes him quote 15%, let him give me the information and then I will tell him whether they are facts or not facts when I know on what he is basing. But certainly I can tell him that twelve months ago the Financial and Development Secretary thought that the growth was no more than 2% or 3% and was not estimating for greater growth than that in the financial year 1986/87. In fact, he said: "It would be unrealistic to expect further expansion on the scale of 1985", that is what he told us twelve months ago. Does that make us prophets of doom? We come here, we sit in a Budget, we hear the Financial Secretary standing up and saying, there may be two million people coming in but when we think of the contribution that they make to the economy we must deduct the import content. Fine, I take the argument, nobody else seems to take it on the Government side. Is he saying that is the Government view or is he saying that that is his view? Because if it is a Government view then how can the Minister for

Tourism say: "Tourist spending in the economy of Gibraltar has gone up by £4m". What, £4m with no import content or £4m after the import content or doesn't it matter this year about the import content because it is an election year? It may not be an election Budget because it is clearly not going to influence the voting behaviour of the people but it is the last opportunity that the Government has got before an election of defending its economic policies. It is the last opportunity. The next time they do it it will be when the election is called because we are not likely to have a major debate on the economy between now and the election whenever the election is called. If, in fact, the result of the opening of the frontier with all this magic programme of investments, Mr Speaker, according to the eloquent Financial and Development Secretary, to quote the Hon and Learned the Chief Minister, produced no more than 2% or 3% increase in 1985 and he asked us to be cautious about 1986 and not to expect as much as 2% or 3% and we have been able to get further information from him during the course of the year as a result of questions, he hasn't come back and volunteered. He hasn't come back and said: "I am sorry I misled the House, it is not 2% or 3%, it is 10% in 1984/85 and another 10% in 1986/87". He is now telling us he thinks it could be 6% or 12% in 1987/88. Surely, if it is a principle in this House that once you make a statement when you find that the statement that you make does not, in fact, accord to the facts you come back and you correct it, I shall certainly be making a point from now on, Mr Speaker, to make sure that every time a statement is made which I find subsequently to be incorrect whoever makes a statement comes back and puts it right now that we have been told.....

HON CHIEF MINISTER:

You should do that.

HON J BOSSANO:

Yes, I think we should all do it.

HON CHIEF MINISTER:

We agree with that.

HON J BOSSANO:

He cannot deny this, Mr Speaker. He cannot deny that he said twelve months ago that the growth was probably no more than 2% or 3% and he explained why. He explained why, because of the import content and because the import content does not contribute to the national income and the gross domestic product because, in fact, the real

contribution to the economy is the margin of profit between what we pay and what we get paid. Then that figure is further eroded because he expects that during the last twelve months which have just finished it won't be as high as that, so we are talking instead of being 2% or 3%, we are talking about 1% or 2%. This year the figure is revised for 10% for the year we have just finished, 10% for the year before that and we are told that 6% to 8% may look high but, in fact, it is not high for somebody like the Isle of Man. Well, if 6% or 8% is not high for an economy of our size then 2% or 3% must be abysmal for an economy of our size because 2% or 3% is what is managed by economies like the United Kingdom and Germany and so forth, the average in Europe is in the region of 3% annual growth net of inflation. It may be pure coincidence, Mr Speaker, that these things happen at particular times when it suits a particular political situation but it does prompt us to ask to whose policies are we supposed to be responding from on this side of the House? Whose policy is it, Mr Speaker, to not have placed in the Improvement and Development Fund the £1½m appropriated twelve months ago in the Appropriation Bill of that date? And, in fact, since the Hon and Learned the Attorney-General may also speak on this debate, would he tell me whether under Section 26 of the Public Finance (Control and Audit) Ordinance, is it not implicit that when we vote the money to the Improvement and Development Fund it goes into the Improvement and Development Fund otherwise it is a totally meaningless exercise. Section 26 says, Mr Speaker: "There shall be paid into the Fund and the Fund shall consist of all such moneys as may from time to time be appropriated by written law out of the Consolidated Fund for the purposes of the Fund". We by written law, ie the Appropriation Ordinance, 1986, appropriated £1.5m and that has not been paid into the I&D Fund and we are now appropriating £2½m this year which is the £1½m we appropriated last year plus £1m in this year's Budget. My understanding of what that is intended to do is that once that the House votes that the money goes in it goes in because, quite frankly, we will not vote in favour and I think it is totally wrong. I am not saying the Government cannot do it, they can do what they like because they have got their in-built majority and they can pass anything but the Government, generally speaking, tries to persuade us to vote in favour. This is what bringing things to Parliament means. In every Parliament every Government has got a majority, why do they bother? Because they come and they explain what they are doing and they try to persuade the Opposition that what they are doing is a good thing and the right thing. They come last year here and they tell us: "We are going to borrow £1½m for the Improvement and Development Fund". Because of this law which we disagree with because under the 1982 Loans Empowering Ordinance the loans went straight into the I&D Fund without the need for an Appropriation Bill, that is included, I checked the legislation and it is included in the Ordinance, Mr Speaker.

I don't think I need to quote it but I can assure the House that I have looked it up. In fact, if I read the provision of the 1984 Ordinance which is in Section 12, it says: "All sums borrowed by the Government under this Ordinance shall be applied and appropriated without further authority other than this section to the Consolidated Fund". The Ordinance before that and all Ordinances before this one said exactly the same thing in relation to the Improvement and Development fund and therefore when the House voted a contribution what it voted was not the money that the Government borrowed, the Government had the power under the Public Finance (Control and Audit) Ordinance and under the Loans Empowering Ordinance to borrow money and put it in the Fund and it needed the authority of the House to spend the money from the Fund. When we have made contributions in this House we have made contributions from the general revenue reserve, the Consolidated Fund Balance or from the surplus of a particular year's outturn. If that policy is changed then we need to be given an explanation. Last year we supported the appropriation of the £1.1m and we told the Government: "We are supporting out of the £2m you want to borrow this year, we are supporting £1.1m because it is going into the I&D Fund. We are not supporting the other £0.9m because we voted against the 1984 Ordinance which allowed you to put that into the Consolidated Fund". Therefore I think it is wrong for the House to take a decision like that, for the Opposition to take that decision and nobody tells us that anything different has happened throughout the twelve months. We discover it when we come to the following Budget. We need to be told this time whether, in fact, when we vote the money the money is going into the I&D Fund or not because this is related to the total liquidity that the Hon Member has now invented, of course your liquidity goes up. If you borrow money and you don't spend it you have got more money. So the Hon Member says: "I borrowed £2m in 1985" - he came to the House and said: "The reserves are very low. We have only got in reserve £1.7m and therefore I am going to borrow £2m to bring the figure up to £3.7m". We didn't agree with what they were doing but we understood the explanation that they gave us and that explanation was that one couldn't be sure only two months after the frontier opening just how big an impact negative or positive it was going to have but all the experts had been pointing to a short-term negative effect and the Government was taking precautionary measures. In fact, Mr Speaker, in 1984 what he had told us was that the reserves were £7.1m and that they were going down to £2.5m because we were going to have a deficit in 1984/85 of £4.6m. He then introduced budgetary measures to raise £1.2m and bring the reserves back to £3.7m. In his second year, in fact, he revised the figures upwards all the way, it wasn't £7.1m it was £7.8m, the reserves were then £5.2m but he was expecting a deficit of £3.5m leaving him with £1.7m and then he had the £2m borrowing to which I was

making reference to raise the reserves to £3.7m. Given that until then he and every previous Financial Secretary had laid stress on the importance of the reserves, we were still laying stress on the importance of the reserves. We were asking, well, what is the correct figure? We were told, it is a matter of judgement but, of course, the judgement indicated by this is £3.7m because if the Hon Member says: "I have got £2.5m and I am going to bring it up to £3.7m" one year and the following year he says: "I have got £1.7m and I am going to bring it up to £3.7m", then it shows that the figure that he thinks is necessary is £3.7m implicitly. Of course, as I mentioned before, he was out by more in 1984 because in 1984/85 he finished up with £1.5m deficit and not £4.6m so he was out by £3.1m. In 1985 he predicted a £3.5m deficit and he finished up with £1m surplus. In 1986 we have a situation where - and these things are all cumulative obviously because if the first figure is upped like the first one was from £7.1m to £7.8m, then that is in-built into the £5.2m and then the next upward revision is on top of that. So we find that in the next year the reserves are projected, Mr Speaker, to reach £9.3m and we are going to have a £1.3m deficit part of which is going to be covered by £1m loan. It wasn't presented like that on page 5 but that is because the rules were changed in the third year for the presentation of page 5. But the reality of it is and we are trying to compare one year with the other and therefore what we have to do is recalculate the figures so that we are comparing one year with the next year with the same format and the same information and then we can tell whether the performance is going up or down or sideways, those are facts which we are being told are important in this House. In fact, during the course of my previous intervention I have been trying to get the Hon Member to tell us whether he agrees that we have a deficit this year and the word deficit has not been mentioned at all by the other side, Mr Speaker, it has been mentioned every previous year. I don't know why this year we don't want to especially if they now cease to be important. Is it that there is an inconsistency for the average person outside to hear that we are having deficits when the economy is supposed to be doing so well? We are told that we are really on a growth path like we have never had before. The Hon Member tells us that there is ample room for increasing borrowing, the public debt is going down, the servicing charges are going down, all these highly questionable allegations, Mr Speaker, statements which need to be looked at very closely and dissected to establish to what degree they correlate with the truth. We have just been given, of course, the revised page 5. And the revised page 5 is projecting reserves of £8m at the end of March, 1988. Now that the reserves don't matter I am not sure what importance one should attach to this figure anymore because that doesn't tell me what the liquidity is at the end of March, 1988. If the Financial and Development Secretary says that what is important now is liquidity

and he has convinced the Hon Mr Perez that we are all going liquid, then cannot we be enlightened on how liquid we are becoming, Mr Speaker, because that is the important statistic that we have to look at. I will look at whatever statistics the Government wants me to look at. They can point in whatever direction they want to point but what they cannot expect is that they say: "This is the important indicator of economic performance", I analyse that indicator and they say: "No, that one doesn't matter, it is a different one". If it is liquidity let me tell the Hon Financial and Development Secretary something. For the last fifteen years the people of Gibraltar have been taxed unnecessarily by the AACR because no attention has previously been paid to liquidity in taxation policy. It has never been mentioned once in announcing tax changes in this House. The liquidity position in 1972 when the AACR came into Government shows that the erosion since then is even worse than if we limit ourselves to reserves because in reserves we are looking, as the Hon Member knows because I quoted his speech of last year and the year before and the year before that and he was quoting of his predecessors with whom he now disagreed because he says they all conned the Government except him who is trying to con the Opposition obviously, they all made reference to the fact that the reserves because of the change that took place in 1976, Mr Speaker, when the Funded Accounts were created and therefore the receipts from the Funded Accounts were included as revenue and put into the reserves on paper even though the bills were not paid. Until 1976 the liquidity was higher than post-1976 because the amount in the Consolidated Fund was made up of cash and if electricity bills were not paid then they didn't appear as revenue and they didn't appear as an asset, they didn't appear anywhere. Therefore one of the things that has eroded the liquidity post-1976 was that the general revenue reserve became the Consolidated Fund Balance and the Consolidated Fund Balance included the unpaid bills in the four Funded Accounts. Whenever I made reference to that here in the past, Mr Speaker, I was constantly having the Government arguing against me because I was correct in the figure for unpaid bills. Now that we are talking about liquidity we shouldn't be thinking then in terms of has the Government done enough to redress the balance of high taxation because, again, is taxation in Gibraltar high, yes or no? It depends who you ask. If you ask the Hon and Learned the Chief Minister who is a politician and has to respond to what people want, he will say: "Yes, it is very high". If you ask the Hon Financial and Development Secretary he says: "Nonsense, it is not very high. It's as a proportion of national income". Why hasn't he brought in all the Budgets including this one statistics showing the proportion of national income that we pay in taxation in Gibraltar? How long has it been lower than UK as a proportion of national income? In this Budget for the first time ever, since last year? I think, Mr Speaker, the reality of the situation is

that on this question in particular of the concept of liquidity overriding everything else, we certainly need a much more detailed and full explanation than the passing reference in the final sentence of the closing speech on the Finance Bill, much more than that. One assumes because the concept has not been explained, that in looking at the idea of liquidity the Hon Member is looking at the degree to which the Consolidated Fund Balance is in debt to the Special Funds, as it were, or is owed money by the Special Funds. If we look at the audited accounts for 1984/85 and 1985/86 and obviously I have not had a great deal of time, Mr Speaker, to do any major research on this subject because it was raised yesterday and, as you know, we have been busy since we finished the House yesterday with the visiting MP's and this morning, in fact, I have been with them since 9 o'clock and I have had very little time to look at this except the last half hour. I am raising that in case I am not accurate in what I am saying. I will, of course, be doing more work on this subject and the Hon Member can expect liquid questions for the next twelve months, Mr Speaker. If I am not re-elected I'll never raise the subject. I can write after that can I or not even that?

HON A J CANEPA:

If you are no longer a Member of the House.

HON J BOSSANO:

Looking at the 1984/85, 1985/86 audited accounts we don't have more recent information than that, on page 87 of the 1985/86 accounts and the equivalent information for the preceding year which is on page 84, what we have is a situation showing the balances in the Special Funds and the degree to which negative and positive balances cancel each other out leaving a residue which is due to the Special Funds but standing to the credit of the Consolidated Fund. That is something that increases the liquidity of the Consolidated Fund. Is that one of the factors that the Hon Member is looking at? In that case, yes, there was an increase from the preceding year where the balance is shown as £182,000 to a balance of £740,000. Of course, those balances of those Special Funds include a lot of things including the Social Insurance and the Employment Injuries and the Note Security and the Savings Bank. Is he taking account of all those in assessing total liquidity? Because if he is and he is arriving at the £14m by that procedure I would ask the Hon and Learned the Attorney-General whose comments I have invited, whether he would agree with me and I am asking for all this assistance because of the limited time I have had, Mr Speaker, whether he would agree with me that under the Public Finance (Control and Audit) Ordinance where it says, under Section 22 that a Special Fund has to have a separate account and shall not form part of the

Consolidated Fund neither the receipts nor accruals of Special Funds nor any balance of moneys standing to the credit of the Special Funds at the close of the financial year shall be paid into the Consolidated Fund but shall be retained in that Fund for the purposes of such a Fund. How can the Hon Member if he is doing what he appears to be doing in explaining the position of total liquidity and counting the £14m say: "I have now got £14m because there is money in the Savings Bank which is not my money, it is money of the savers but is currently in surplus and I am putting to the credit of the Consolidated Fund as reflected in the statements of the Special Funds shown in the audited accounts". Because if he is not referring to those balances then certainly I would be very interested to find out where I can look for the £14m, Mr Speaker. I also think that the subject raised by my Hon Colleague Mr Mor in relation to the social insurance contributions for seafarers where the Minister for Labour admitted that nothing is being paid, I would certainly invite also a comment from the Hon and Learned the Attorney-General on that subject, whether there is in fact a responsibility on Government's part to try to collect those contributions. Because if the Government is not collecting them and is not trying to collect them and there is a liability to the Fund then is it right that that liability to the Social Insurance Fund should be a liability on the contributors to the Fund or a liability on the Government which as a matter of policy has not collected and I think it is an important thing because we are talking about the Appropriation Bill and we are talking about potential liabilities to Government which have to be funded and paid out and if we are being told about a hospital in 1992 then it is not unreasonable to talk, for example, about Spanish pensions in 1988 if we are looking that far into the future. I would certainly welcome a comment from the Hon and Learned the Attorney-General on that subject and point out that that liability presumably could be quite a substantial one. Certainly I can tell the House that NUMAS, the officers' union in UK and the National Union of Seamen are pursuing the matter on behalf of their members who are working on Gibraltar registered ships and are raising the matter both with Her Majesty's Government and with British companies that have Gibraltar registered ships such as BP. The Government might argue that they are not able to track down the owner of the Syneta but they can hardly expect us to believe that they cannot track down the owners of BP. I would welcome as well, Mr Speaker, an indication from the Government although it isn't something that is going to be or have to be paid in the current financial year but it is something that we are not going to have another opportunity to discuss because there isn't going to be another Budget in relation to the liability to pay Spanish pensions. That is to say, the liability which, as we all know, has been quantified at something of the order of £100m over the next fifteen or twenty years and where the situation

is that there are on-going discussions with the British Government about who foots the bill and our understanding of the Gibraltar Government's position is that they have indicated so far that they consider that Gibraltar's contribution to funding this bill should be limited to the payment of those pensioners who had already reached retirement age at the time of the closure and that such a contribution has been estimated to be of the order of £1½m. If that is the policy of the Government in that respect then we want to know whether what we are talking about is, because they must have thought it through presumably, if they are willing to put £1½m in are they talking of the £1½m being a contribution from that pool of liquidity that the Hon Financial and Development Secretary has? That is to say, from the Government's money as Government or is it that the Social Insurance Fund from the social insurance contributions made by employers and employees is going to meet that because again I would have thought that if there was an argument of Government policy, if we were the Government and we decided as a Government to do it we would feel that it ought to be done as a contribution to the fund from the Government the same as the British Government's contribution and not to be paid by the insured working population. But we would like to know what the Government's policy is on this matter because it is a matter which obviously will affect the financial year after this one and we have been told in the Appropriation Bill about things that are not going even to commence in the financial year after this one. We have been told about longer term projects than what I am talking about and longer term viabilities than what I am talking about in terms of spending. I also must say, Mr Speaker, that having reacted to the proposals of the Government contained in the Finance Bill and I am sorry to have to go back, Mr Speaker, on the subject. Having reacted to the proposals of the Government contained in the Finance Bill, on the question of the treatment of occupational pensions for tax purposes and the commutation, nobody has yet given me a reply. That is to say, nobody on the Appropriation Bill and nobody on the Finance Bill has come up refuting the arguments that we have put against this measure. We consider that the proposal, having read over it again, as we understand it, Mr Speaker, the situation is - because it was in the Financial and Development Secretary's contribution and I have now got too many of his speeches here and I cannot remember which year I am looking for, here it is, it always turns up, not the Financial Secretary I mean the papers, Mr Speaker. The Hon Member said it was customary to allow up to 25% of the capitalised value of a retirement pension to be taken as a lump sum free of tax and that this was referred as 25% commutation. I asked him: "Customary, not in Gibraltar", no answer. He said that there was no intention on the Government to interfere with the operation of any existing scheme and suggested that, in fact, no further approval would be given and that none had been given

for the last two years. Does he mean then that the present schemes where the Government has informed the employers, for example, the three stevedoring schemes are not going to be given approval?

HON CHIEF MINISTER:

That is supposed to be under consideration and covered by the new policy.

HON J BOSSANO:

Well, it is not very clear from this because the Hon Member says: "No further approval will be given to any other one and no approval has been given for some two years". The implication of that is that the only schemes that will continue to retain the facility for 100% commutation and be approved are those that were approved two years ago.

HON CHIEF MINISTER:

If the Hon Member will give way. The stevedoring application has been in since 1981.

HON J BOSSANO:

Yes, I know that, Mr Speaker, I negotiated it.

HON CHIEF MINISTER:

Well, if you know you should know the answer.

HON J BOSSANO:

I can tell the Hon Member that until now the answer has been that it was not an approved scheme because when they submitted a request for approval it was within the last two years, although the scheme had been ready and agreed before and although there had been correspondence because of problems and so forth and that was the answer that has been given in the correspondence that I have seen, Mr Speaker, with the people who managed the scheme.

HON CHIEF MINISTER:

I would compare that with the fact that when you are in a pub and closing time comes those who are inside can continue drinking.

HON J BOSSANO:

I am not sure that I should ask the Attorney-General to comment on that actually, drinking after closing hours but still that might be a new rule, Mr Speaker, something to do with liquidities.

HON CHIEF MINISTER:

They can carry on drinking though they are not allowed to be served newly. They can consume what they have.

HON J BOSSANO:

The Government then goes on to say and that is what they are legislating for and on that again we have not had an attempt to rebut any of our arguments and I think there are more arguments which I want to adduce at this stage because it will give them presumably the opportunity of thinking further about this before we get to the Committee Stage. The Government is going to introduce, Mr Speaker, a tax which establishes a new principle. That is to say, it appears that the approval will include the stevedores, presumably because having taken them to Court and failed really there is not much the Government can do except approve it, but what we are told is that any new employee who joins the company with the same conditions and I don't see how the Government can tell an employer to have discriminatory conditions between new employees and old employees, any new employee will on retirement be taxed. We are legislating to tax people who take up employment after a certain date. That is a totally new concept in taxation, Mr Speaker.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No.

MR SPEAKER:

Paragraph 87 of the speech is that what you are referring to?

HON J BOSSANO:

That is right, Mr Speaker. We are saying that anybody that takes up employment, for example, as I have mentioned before, Gibraltar Shiprepair Limited, Mr Speaker, has got an agreement which provides for 100% commutation. Whether that has been approved or not approved is irrelevant. I can assure the Hon Member that there is correspondence on the subject, I know that they have such an agreement. Let us assume that that scheme is found to be an approved scheme and that it was submitted in time and all the

rest of it. We are then told that any new employee of GSL after the 30th June will on retirement pay more tax than somebody that was working on the 29th June on receiving the same amount of money for his retirement. However, the tax is related to the fact that he has got more than 25% of the sum that he would have got as a pension, that is what the Finance Bill says. At the same time, Mr Speaker, we have introduced legislation in this House which I opposed incidentally when it was introduced by Mr Mackay in 1975/76 which says that an expatriate who does not get a pension gets a lump sum which is tax free notwithstanding the fact that the lump sum he gets is not 25% of his pension, it is 25% of his salary for every year of service. So somebody comes here, works for three years for the Government and gets paid out of the taxes that the pensioner has to pay a lump sum payment of three-quarters of his salary tax free as a gratuity in lieu of a pension. Isn't that commuting a pension into a lump sum? I am not sure whether the present Financial and Development Secretary would be entitled to that payment but certainly his predecessors have been.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, only Alistair Mackay.

HON J BOSSANO:

Alistair Mackay was the one who legislated it, I think I have mentioned before, Mr Speaker, that I was very upset because he brought two Bills to the House of Assembly, one increasing the tax for all of us and another one taking it away from himself and I thought really that was going too far. In looking at the section it says that it is in excess of 25% of the capital value of the pension to be paid to an individual on retirement. What happens in places where there are no pensions and people get paid capital sums on retirement and they don't get a pension? Is that deemed to be a capital value of the pension even though there is no agreement to provide for a pension? I can tell Hon Members opposite that there are firms in the private sector who have got retirement gratuities that are so generous and tax free under the Income Tax Ordinance because any retirement gratuity without limit is tax free, are so generous that the employer has tried to replace it with a pension and I have advised the people concerned not to take the pension because a gratuity is better because they get five or six weeks of their final salary for every year of service as a lump sum and they can then go and buy themselves an annuity. But it is not a pension scheme and therefore nobody could argue that they are converting although they are doing exactly the same as other people are doing, exactly the same but it isn't formulated as a pension being converted into a capital sum which is the point that I made before in relation to the difference between private sector

schemes and public sector schemes which the Government has simply ignored totally and failed to answer. It is not true that people are commuting pensions into lump sums. People are guaranteed a lump sum which they then use to buy an annuity and therefore what is guaranteed is £x at the end of your working life. Furthermore, Mr Speaker, we have a situation where I believe in the Estimates there is a sum of £8,000 provided under the Appropriation Ordinance for advice to the Chief Minister on external affairs. Am I identifying the right vote for.....

HON CHIEF MINISTER:

Yes, I will deal with that in the Committee Stage and give full particulars.

HON J BOSSANO:

Here we have, Mr Speaker, we have somebody that retires at 55, that probably collects something in the region of £60,000 tax free, that is then given £8,000 in this Budget at the same time as we tax at 20% somebody who may collect £4,000 or £5,000 because it has nothing to do with the amount of money. The 25% for one person can be £50,000 or £60,000 and 100% for somebody else can be £5,000 or £6,000 and the people that we are talking about in these schemes which have only been going on for two or three years in most cases, they are very, very recent pension schemes in the private sector, all the people used to get was a gratuity. It has been made into a pension fund primarily because in many, many cases people were not very wise with their money and if they got their lump sum they tended to spend it and in order to give them greater protection the position has been that employers have actually constituted pension funds to do this and obviously at the same time the value of the fund is enhanced because it is non-taxable. That to me seems to be in the same Budget to be voting the two things, quite frankly, seems to me to be totally immoral and if I was one of those people I would raise hell that I should be paying for both out of my taxes. Why? Because the Government must protect its revenues. What does the Government mean that the Government must protect its revenues? Whose revenues? The revenues of the people of Gibraltar. The Government has got the stewardship of that money. When the Government comes here and tells us in this same House 'I am going to take away development aid because it has done nothing really to change the attraction of Gibraltar for investment purposes because there is now a wealth of economic opinion that it doesn't really make any difference'.

HON CHIEF MINISTER:

It is not my part but that is not what was said. What was said is that in a different climate it is not necessary to have that attraction which was necessary when there was no attraction.

HON J BOSSANO:

I shall read what was said, Mr Speaker, and then we can decide what the facts are.....

MR SPEAKER:

You are being very analytical about what other people say. I think there can be different versions.

HON J BOSSANO:

No, Mr Speaker, the facts are written down. It says: "It is arguable whether investment decisions rest critically on the availability of tax concessions. Twenty years ago it was thought that they did. There is now an impressive body of economic opinion which takes the contrary view, that they merely encourage inefficient use of resources". There is nothing there about the present climate, it has nothing to do with the present climate. It says the view of twenty years ago is incorrect, that is what the statement says.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Read on.

HON J BOSSANO:

Yes, I will read on, why not? It then goes on to say: "Be that as it may, the loss of tax revenue is impressive. The tax concessions granted under the present Development Aid Ordinance amount to £20m", so we have lost £20m in tax doing something that is arguable whether it has brought us any benefit and we are going to give one project £30m, more than we have lost ever before and that is not looking after Government revenues. That the Government can afford to do, but there is no problem. Why? Taylor Woodrow can come along and spend £30m and we give them £30m of tax concessions on top of the £20m we are giving them already having established that it is arguable whether it makes any difference, according to the impressive body of economic opinion, but what we cannot do is risk a stevedore at 65 getting £5,000 a year and not paying £500 pension, that will bring the whole edifice tumbling down and all our liquidity goes down the hole. And then the Hon and Learned Member wonders if I get excited, it is enough

to blow your top, Mr Speaker. I hope, Mr Speaker, that I have come closer to convincing the Government of the un wisdom of what they are proposing to do which we are going to vote against and which I now commit the GSLP if the Government goes ahead with this legislation, I commit the GSLP to repeal if we are elected and if any person is caught by this legislation between now and the next elections, then not only will we repeal it, we will repeal it retrospectively and we will refund any tax that has been taken of them by the AACR. That should convince them if noting else, not to do it.

HON CHIEF MINISTER:

Good propaganda.

HON J BOSSANO:

Precisely, that is why we can convince the Hon Member. All the arguments that appeal to morality would not. The one that is good propaganda for an election will, I knew it would work, it never fails. Mr Speaker, since I am on the subject of pensions, the Hon Mr Mascarenhas referring to the changes in the estate duty said that we should give credit where credit is due. I have already mentioned that - I think it was in the 1984 Budget - the Government came along with a proposal to reduce the indexation of pensions by 50% because the situation was so bad economically. They had just won an election on the basis that they had a package that was not only generous but good in itself and they came here a month after saying the economic scenario was so bad that they could not afford to increase civil service pensions in line with inflation and they were going to be reduced by a half as an economy measure, that is how bad the situation had got. We persuaded the Hon Member to change his mind as I hope to persuade him again on this occasion. I think again because he realised just what a politically dangerous thing that 50% cut in inflation indexing of pension was given the number of pensioners who are clearly supporters of his party because they were with him in the civil service when he started off in politics forty years ago. The people whose pensions we saved from the cuts of the Government were primarily his supporters, he knew that. Therefore, he never gave us credit for it then or since and I don't think it would have made any difference, I don't think those people will vote for us even though we are taking the credit for it now, Mr Speaker. But since the Hon Member, Mr Mascarenhas, told us that we should give credit where credit was due and since my Hon Colleague Mr Perez showed the example that one should follow by taking credit for the things he was doing, I have decided to do the same thing myself, Mr Speaker. I think also worth mentioning is that, of course, in 1986/87 in the revised estimates, the Consolidated Fund, Mr Speaker, shows the cost of pensions to which as I

referred the Government wanted to introduce a cut in 1984. The pensions, Mr Speaker, in 1986/87 came to £3,294,000 and that is £90,000 more than estimated. It may interest the House to know that in October, 1983, before the last elections, I brought a motion to the House asking for the entitlement of industrial workers to a pension to be reduced from twenty years to ten and this was taken away for study by the Government and the Minister for Economic Development came back in December and told me the Government accepted the principle of reducing the entitlement to a pension for industrial workers but such was the cost to the Government of reducing this entitlement that, in fact, it could only be as a total package with a unified pension scheme which effectively reduced the eligibility to a pension for new entrants into the civil service below what it exists now. So they were partly financing or totally financing or even making a profit on the cost of the pensions for industrial workers by cutting the conditions of service and the value of the pension for civil servants. Of course, after many questions, motions in this House, eventually the Government relented and has given in 1986/87 the backdated pensions and I am very happy that that happened, Mr Speaker, because it meant that a lot of people who were in fact going through a very bad period, they were forcibly retired by Government because they were over 65, they got a letter telling them: "You are going to get a pension as soon as this is agreed with the unions", the unions would not agree. I think the Government was trying to twist their arm by putting the moral responsibility for the predicament of those pensioners on the unions and the unions still resisted and eventually the Government accepted to pay the pensioners and brought an amendment to this House which we were very happy to support and here we have the bill for that. It's ridiculous, Mr Speaker, to say that this amount of money, and I am sure not all of that £90,000 by a long chalk, is due to the pensioners that went, the fifty or sixty industrial workers. But we must remember, first of all, that what they got paid in 1986 was backdated to January, 1984, so in fact that will not be the annually recurrent cost, there was an element of more pensions this year and in that as well we have had the unanticipated retirements from the service of people who have chosen to go at 55 and who might have stayed on and who therefore have increased the pension bill. I am pointing this out because again it just shows, Mr Speaker, how we can have heated debate in trying to persuade the Government of something in this House and at the end of the day they finish up doing what we are suggesting that they should do at enormous and unnecessary expense to themselves and everybody else in the time wasted. The unified pension scheme on which the Government spent money in bringing a consultant is now a dead letter and the Government has now accepted it is a dead letter. Without this unified pension scheme it was impossible to do anything for the industrial workers. It has been

done and it was not impossible and it has been done with retrospective effect so it could have been done all along. If they had listened to the arguments then a lot of unnecessary time would have been saved, those people would have had their money when they most needed it, we could have saved a lot of money, that is, the people of Gibraltar could have saved money because we didn't need any expert. The Government kept on bringing an expert to tell us how to replace the existing pension scheme and all the expert ever did was to look at the MOD one which had been negotiated in 1980 and which was readily available to all of us. I think the Hon Mr Canepa who has given me school mastery advice the other day of how to govern and I can assure him that I might have been fifteen years on this side of the House, Mr Speaker, and he has been there fifteen years but I have no intention or desire of emulating his performance in Government or that of the AACR. I would much rather stay another fifteen years here than govern one year as they are governing Gibraltar today.

HON CHIEF MINISTER:

What has that got to do with the Budget?

HON J BOSSANO:

The same as the G-strings and the bras and the underwear, Mr Speaker, or much less. Does he want me to answer the Government policy on Libya and Nicaragua and all the rest or did that have something to do with the Budget?

HON CHIEF MINISTER:

But not for an hour and a half.

HON J BOSSANO:

I am sure, Mr Speaker, that when you feel that I am repeating myself or deviating from the subject you will draw my attention.

MR SPEAKER:

Most certainly.

HON J BOSSANO:

Thank you, Mr Speaker. Perhaps if the Hon Member is going to retire after all and since you have made up your mind to retire and since he is obviously so keen to call me to order we will consider inviting him to take the Speakership when we take over in Government. Of course the Hon Mr Canepa was concerned as well about my inability to convince the Finance Centre. The contacts that I have had and the meetings that I have had with a number of people in the Finance Centre have been to.....

HON A J CANEPA:

If the Hon Member will give way because even with the Finance Centre we are dealing with a matter which is not entirely a defined domestic matter, only company law is. But certainly in the case of the pensions that he was referring to that is not a defined domestic matter and for all that he says the inability of the Government to bring legislation to the House to give effect to what we had committed to do in 1983, he must admit is in stark contrast to the speed with which on matters of a defined domestic nature, namely, social insurance pensions for which I was directly responsible as Minister for Labour for a number of years, the rapidity with which I was able to bring legislation to the House and bring about many improvements for the benefit of pensioners who had been neglected for many years. I hope at least he would have given me credit for that.

HON J BOSSANO:

I will give him 50% credit for that, Mr Speaker. I brought the motion in 1976 prior to the election proposing that the pensions should be linked to average earnings or inflation, whichever was higher and the Hon Member legislated that after the 1976 election and I am sure that he supported the concept then, supports it now and believes in a good social insurance scheme and I give him credit for thinking the same way as I do on that subject, I wish he did on everything else.

HON A J CANEPA:

If he will give way again, I won't interrupt him again. Prior to that legislation in 1976 I carried out three reviews of the Social Insurance Ordinance which increased the pensions by leaps and bounds during a three year period prior to 1976.

HON J BOSSANO:

Yes, I think it is perfectly true, Mr Speaker, that after 1972 and between 1972 and 1976 the Hon Member did much more to improve pensions than has ever been done before, there is no question about that, in fact, I think he argued that the policy that had been accepted before, I think by Mr Xiberras, was that you couldn't do anything except quinquennially when the Actuarial Reviews took place and he never accepted that. He said: "Fine, we are going to anticipate the thing and if the Actuarial Review shows something different then we will adjust" and I think it was certainly a move in the right direction and one that was supported when he brought it to the House in 1972 and 1976 and one that he did on his own initiative so on that one he gets full marks. The only

thing is he is making me look like a school teacher and not the other way round, Mr Speaker. I was about to enter the Finance Centre when the Hon Member asked me to give way. The situation is, of course, that the commitment to the Finance Centre is not reflected in the estimates other than in the sense that we have been told that part of the reason for the building boom is derived demand for office space and that the office space is demanded by the growth of the Finance Centre. So to the extent that the Government supports development of offices they are supporting the Finance Centre. However, if one carries out through logically, if they are retaining development aid for housing projects and removing it from office projects then the logic would be that if I was a developer and I am going to have to decide whether I build offices or I build houses, I will decide to build houses if on taking into account development aid I make a bigger profit. To the extent that development aid makes any difference or not to the decision and the Financial and Development Secretary argues that it doesn't and if it doesn't then you don't need to retain it for anything because if you are retaining it for housing you are assuming that it will divert some resources into housing that would otherwise have gone into something else. I think it must be logically so, Mr Speaker. But that seems to be to me the only thing that is included in this Budget that can be considered remotely to bear on the subject of the Finance Centre which is now fast becoming the only pillar of the economy. We have heard from the Hon Mr Zammitt the kind of scenario of tourism which they would like to see and I must say the Hon Mr Zammitt in our judgement has been practically the only one that has spelt out clear policy objectives and what we feel is important is and what we will do, Mr Speaker, as a Government, is to announce what we are trying to achieve before it happens not after it has happened and then people will be able to judge us by our performance against targets on growth, on employment, on earnings. We will say: "This is what we project and predict is going to happen in the next twelve months and we are going to achieve that target introducing certain measures". Then we come back and we say: "We have either achieved it or we haven't achieved it". Most Governments in most places do that. The Government of Gibraltar has never done that because it doesn't have a clue, Mr Speaker. The Hon Member opposite, the Minister for Economic Development, said on the 18th September, 1984, in a speech on an International Management Conference in the Rock Hotel talking about the Finance Centre: "If we are to develop our areas", that is, he had already clearly stated that really the only two pillars of the economy were the Dockyard and tourism - "However, if we are to develop our areas, for example, finance centre activities, Gibraltar will need to secure a sensible arrangement with regard to EEC Directives on the lines of, say, the Isle of Man or Jersey. There is resistance to this but we cannot acquiesce easily". In September, 1984, not only was it

not a pillar of the economy, the Hon Member didn't think it could become a pillar of the economy unless we changed our EEC conditions which is, in fact, what my colleague was referring to in his intervention as the commitment in the GSLP manifesto to do precisely this because, in fact, this is what the Finance Centre people have been saying to us. The people that constitute the kind of Finance Centre that we have in Gibraltar if that can be called a Finance Centre. Because, obviously, the Hon Mr Perez thinks I know nothing about what a Finance Centre is. It is quite obvious in the kind of distinction that I have drawn, Mr Speaker, that I do know a little bit about it, I am learning all the time and making it my business to talk to people and read about it and get the picture, what I accept is that I don't know as much as he does about registering tax exempt companies because I don't earn my living doing that and he has got all the walls in his office plastered with them. But I don't think that that, which has been going on for a very long time, it has been going on more than in the past, that is really what the Financial and Development Secretary was referring to when he is talking about 'the international banking community recognised in Gibraltar now as a serious Finance Centre'. We certainly agree with that kind of philosophy, that kind of statement, that kind of policy and I believe honestly, Mr Speaker, that the AACR cannot say that they are responsible for that happening because they thought it couldn't happen because a lot of people thought it couldn't happen with EEC Directives and so forth. To show how the Government's view to the situation changes, having said what he said in September, 1984, in April, 1985, six months later, in another speech the Minister for Economic Development is telling people in the Heritage Conference that 'the problem today in Gibraltar is not so much to encourage development but to control development and that the frontier opening has brought exciting potential for economic growth'. A six months difference between one and a radically different scenario of the economy. A scenario by the way, Mr Speaker, which in 1985 was not being preached by the Government at Budget time in this House. Having said this on the 19th April, 1985, they brought a Budget in April, 1985, which projected reserves of £1.7m, which projected huge deficits and which projected breaking with the past and borrowing money to cover the deficits. In 1985, when this exciting potential had already materialised and the problem was controlling development and not encouraging it. That is where we feel there is a fundamental policy difference and I suppose to some extent we are bound to be disappointed, Mr Speaker, with the Government's Budget because really what we are looking for is not there because they do not share to the degree that we believe is necessary the kind of framework that we consider makes for good Government. They have never done it, they don't feel the need to do it and, in fact, they change and chop according to the wind and we are looking for a kind of direction being given as a matter of Government economic

policy in the Appropriation Bill and in the Finance Bill and we don't find it because it is not there and it is not there because they are incapable of doing it. What they are capable of doing, of course, Mr Speaker, is creating scenarios which they seem to have the good fortune to have reflected in the press however poor the contributions may be here and so if we have a situation, for example, where we have got election fever it is not an election fever that has been created by us, it is an election fever that has been created by the Hon and Learned Member's New Year Message where he said 'by January, 1988, there will have been an election'. I accept what Mr Canepa said in his contribution that it is their prerogative to choose the timing, that is true and I accept entirely that but for that remark in the New Year Message I would have said the probability is that the AACR would do its full term because I have never known the Chief Minister to want to do anything different and that really, apart from the fact that we are saying as most Oppositions do that we want an election, there is really no reason why they should be required to go to the people before if they don't want to because the people have given them a mandate to govern for four years and they are perfectly entitled whether we like what they do or we don't like what they do, to do their full term. The only reason why we have come to the conclusion that this was not going to happen on this case quite frankly, was because it was mentioned in that statement and I think that is what set it off.

HON CHIEF MINISTER:

And you caught it very badly, the fever, lots of people in high fever.

HON J BOSSANO:

That is the impression that has been created and that is what we are reacting to, Mr Speaker. I think it is important, of course, to give correct impressions and I made a reference earlier on, I think it was during the Finance Bill or after the Finance Bill, to the fact that the headline in the Chronicle at the end of the Finance Bill was "£4m giveaway", "Tax cuts of £4m" or words to that effect and the Hon and Learned Member said he was not responsible for what the Chronicle puts. In fact, I approached the Chronicle and the Chronicle told me that what they had put was what there was in his written statement which they had got which is that it will be up to £4m. We have now had the revised estimates of revenue given to us belatedly because there was a hiccup in the system, we have been waiting for this to happen and it hasn't happened until now and what we get now is that, in fact, the income tax yield is predicted to come down in 1987/88 by £2.7m. In fact, what the Government is

saying to the people of Gibraltar is: "In 1987/88 you will pay £2.7m less", not £4m, £2.7m less, "than you would have paid had we not changed the allowances". That is what the Financial Secretary says in his statement. Therefore what do we have, Mr Speaker? We have a situation where the Government brings us this statement along and we look at it and we find that in the year that has just finished they have collected from the people of Gibraltar £24m which is what they thought they were going to collect last year before the changes. Last year they said: "We are going to tax you £24m. However, because.....

MR SPEAKER:

You are talking about direct taxation, I imagine?

HON J BOSSANO:

I am talking about income tax, Mr Speaker. "We are going to tax you £24m" because that really is what tax is, this one, Mr Speaker, that is the one you cannot escape. The others, well, if you pay import duty you are paying for a product and if you want to buy it you buy it and if you don't you don't and you don't pay the tax. But on that one you are caught. They came here twelve months ago after saying the growth was only 2%, we had to be cautious, we must not be over optimistic and so on and so forth. I think my Hon Colleague called it the slackening of the belt before they drop their pants altogether but I daren't say anything like that this year, not when the others have gone so revolutionary on the other side, I don't want to go further than dropping pants, Mr Speaker. We have a situation where the Government comes and tells us twelve months ago: "The people of Gibraltar will be taxed £24m in the next twelve months. However, because of the improving climate, we are going to carry out some changes and it means that instead of taxing them £24m we are going to tax them £21.6m". During the course of the year, as late as November, I asked the Hon Financial and Development Secretary - I asked the Government but he answers all my questions, Mr Speaker, as you well know, that is why I have to bash Traynor, if Traynor didn't answer somebody else would get the bashing - but he tells me that the figure has been revised marginally upwards and that he is still expecting the year to finish up with £800 deficit originally projected and I think the figure on income tax was up by something like £1m. By January or February this year it had been revised upwards by £1.9m and we now find that the latest forecast result for the year is that the £24m they said they were going to collect without the changes is what they have actually collected. People have actually paid in 1986/87 the highest amount of income tax in Gibraltar's history.

HON CHIEF MINISTER:

If the Hon Member will give way. You can fiddle about with all the arguments you like but it is not the same people that are paying that tax, it is more people that are paying that tax, it is more money that there is in the economy and therefore it isn't the individual that is paying less. It does not mean that the individual is not going to pay this tax, it is that there are more people paying this tax. The whole question of the dramatic change in the economy of Gibraltar brought about by the opening of the frontier is something that the Hon Member entirely forgets, has nothing to do with everything that is happening in Gibraltar.

HON J BOSSANO:

No, Mr Speaker, I think the one who entirely forgets it is the Hon and Learned the Chief Minister because he is the one presenting the estimates to the House and then I want him to explain to me if there are more people working why is he estimating £25.5m as the revenue for 1987/88 because that doesn't show more people working, that shows the same people working. A £1½m increase in yield is nonsense. If you are putting that your wages in the Government alone is £1½m, that alone will produce for you £600,000 out of £1½m and you have got £900,000 for the wage increases of the rest of Gibraltar without one single person working. The reality of it, Mr Speaker, as we all know, is that the Government has great difficulty in getting PAYE collected. They are introducing measures in this House to increase the collection of PAYE and I doubt very much how much of the increased employment is at this stage showing through in these figures. However, if they have got factual information let the Hon Member tell me, since he seems to know, how much of the increase the £21.6m to £24m is due to increases in wages and salaries and so forth which is what the Financial and Development Secretary attributed to in a previous debate when I asked him a question about yield, he didn't put it to more numbers he put it to the level of wages and there is no doubt, the surveys show it. We have had a survey presented by the Government here showing earnings in October and I can tell the Hon Member's opposite that that earnings understates the situation because don't they correlate anything? Don't they know that the whole construction industry was on strike in October? They didn't know that. And that therefore the level of earnings reflected in the survey will be shown when the April survey comes out, not the last October survey. Don't they know, don't they keep an eye on the settlements in the private sector to see what the trend in wages is when they do these projections? Of course they don't. The situation is that in 1986/87 the Government has collected from the people of Gibraltar £24m, Mr Speaker, £2m a month. There used

to be a time when £2m a year was considered astronomical. If their projections on the economy are to be believed which is what I accused them of last year, Mr Speaker. Last year we were being told on the one hand 'We are going to collect £21.6m', and on the other hand 'There are more jobs, there is a Finance Centre, tourism is increasing, this is happening, the other is happening' but it doesn't show through in income tax. Both things cannot be true so let us get our facts right and if the Government is, in fact, projecting that this year the so-called give-away, that is to say, that we are going to pay £2.7m less in tax, let the papers carry the headline "£2.7m" and if the people think it is a good thing, fine, but don't tell people that they are going to get 50% more than they are going to get when it is not true, if we want to stick to facts and we want to make sure that things are put out correctly. The next day we get told that a new hospital has been announced, the Government is going to build a new hospital. It is news to me that the Government is going to build a new hospital. I cannot find it in the Appropriation Bill or in the Improvement and Development Fund. All that I know is that there is a report which we managed to get late last week which we were told was available to us in confidence which then gets quoted in this House which we are not prepared for, unfortunately, because we didn't think it was going to be quoted, and when the Hon Member says the thing is being studied and they are, in principle, in favour of it and we are talking about the possibility of a new hospital in the Naval Hospital site after 1992 by whoever is there after 1992. There is no commitment here now to build a new hospital. This Budget is not about giving away £4m or about building a new hospital, this Budget is about winning the next election in circumstances where they are trying to paint as rosy a picture as they think they can get away with and getting upset because I am taking some of the tint away, Mr Speaker, that is what this Budget is really about. Where in the expenditure is the commitment to housing that the Hon and Learned the Chief Minister in his last year's Budget speech clearly stated was important and a priority for the Government? What money is being spent on housing? Well, we are very happy for the people of Catalan Bay, Mr Speaker, who are going to have twenty units built for them which will solve the housing problem. That is what the Minister has told us. We are very happy for the twenty people in Catalan Bay who will not have the housing problem any longer. I don't think the 2,000 outside Catalan Bay are going to be very happy that the twenty in Catalan Bay have their housing problem solved because they have nothing at all for the other 2,000 in this Budget, nothing at all in the Appropriation Bill. What they have is a project at Engineer House of houses for sale to people who give up Government accommodation, that project is intended to start, I believe, early in 1988, those houses will not be ready in the current financial year and nothing

in this financial year is being done for the housing waiting list, nothing at all. Of course, if I was living in a community where there are going to be twenty houses built and there are going to be twenty people living in those houses I would be quite happy to wait one year or two years or whatever for the twenty houses, but if I belong to a community where there are 2,000 people and there is nothing at all except the prospect in three or four years time that somebody might want to give up their Government house and move into a new house which they buy from the Government at cost price. We have been told in answer to previous questions that the houses at Engineer House are going to be at cost price, I am not sure what that means, probably my colleague could tell me, £27,000 is going to be the estimated cost price, I believe. If they are selling houses at £27,000 as the cost price and I am surprised that they feel they can do that having told us there will be no charge for the Montagu and no cost for the infrastructure for the Montagu provided free of charge by Government, there they can only be built for £35,000 and that is the price they are going to build, but at Engineer House the Government is going to build for £27,000 a unit and sell. It is odd, Mr Speaker, to build in Catalan Bay if we have understood the figures correctly, that is dividing the provision in the estimates of almost £1m by the twenty units the Hon Member mentioned, it is odd to build houses to rent for £48,000 and houses for sale for £27,000. Perhaps the Hon Member can think of an explanation between now and the Committee Stage of the Improvement and Development Fund and what is going to be the renting policy for £48,000 houses because those will be the most expensive public houses we have ever built. At the last Budget we were told that the Hon Member was building houses for rent in the Laguna at £17,000 because the Government had decided that it was worth doing it, they thought it was probably going to be full of serious problems of congestion and building with tenants in the flats and so forth but nevertheless if the Government came to us and said: "I have got limited resources and I want to spread them as much as I can and the way that I can get most units is by putting houses there", probably on balance, even though we have reservations, we would say: "Yes, we have to support that", and we voted in favour. We voted in favour because we thought even if they inconvenience the other tenants let us have our priorities right, the people who are homeless come first. We are now spending money in building houses at £48,000 a unit, twenty houses for nearly £1m, and therefore in a situation where there has been no change since last year of largesse in this Budget, we require an explanation as to why it is that the Government feels it is a reasonable policy to do for Catalan Bay and, as I say, we are happy for the people there, and it isn't a reasonable policy to do for the rest of Gibraltar? I also think, Mr Speaker, that in terms of the money allocated last year by this House for houses for rent at the Laguna Estate, it is wrong that if the money was

not spent on that it should not have been used on another project for houses for rent because if they came last year here, in last year's Budget and they asked the House to vote that money for that purpose and we agreed and then they find that they cannot do it because of the fire escape, well that doesn't mean that it doesn't matter anymore, that we don't need the houses anymore. Do we need the houses or do we not need the houses? If we needed the houses to rent in April, 1986, and we voted the money because it was necessary to do that and we then find we cannot do it because of a fire escape, that doesn't mean it has stopped being necessary so they should have brought a new project here to substitute for the Laguna because they were already talking about Engineer House independent of the Laguna. They then tell us: "Well, no, I am going to channel the money from Engineer House to Laguna but Laguna is part of the home ownership scheme and part of the sales". Well, the Laguna was not in substitution of Engineer House, it was in addition to Engineer House. Surely, they are not going to tell us that what they are doing is building one house in Catalan Bay for every three-odd houses that they were going to build in Laguna before, surely they are not telling us that. I think also, Mr Speaker, in relation to the private development that is going on, we have had different figures quoted. The Hon Mr Perez talked last Thursday when he read the Employment Survey on television in respect of which I am expecting before the House finishes, clarification from the Hon and Learned the Chief Minister as to whether Employment Surveys circulated to Members of the House before they are tabled can be used in public and quoted in public so that we know that we can do it because we have never done it because we always thought it was a breach of the understanding that it was privileged information.

HON CHIEF MINISTER:

I said that I would look whether there was such understanding, I have asked for enquiries to be made and I think it will not be possible to give him an answer in the course of this session.

HON J BOSSANO:

I don't know who he has got to enquire from, Mr Speaker, the Members of the House are all here. I am asking whether, in fact, is it not the case that when you come to the House and you suspend Standing Orders, we have got the Auditor's Report circulated to us, Mr Speaker, and I am told and I have always been told that you cannot go to the press and say to them: "Quote the Auditor's Report" before the House has met, it is on the Agenda to be tabled. That is what I have always been told since I arrived here in 1972. If you cannot give it to the press it must

follow logically you cannot read it out in a Party Political Broadcast on television. If it can be given to the press, fine, when I get the Auditor's Report I then go and come out with a public press release saying: "This is what we think of the Auditor's Report" although we haven't discussed it in the House of Assembly, fine. I have never done it because I understood that one was not supposed to do it. I would have thought the Hon and Learned the Chief Minister with his forty years of experience would not need to ask anybody, who does he need to ask? I will give way now.

HON CHIEF MINISTER:

I don't want to know, I just made my own views expressed here and that is that I think that the requirement to suspend Standing Orders is in order to comply with the notice required to lay papers but that doesn't make it that that paper is sacrosanct until it is laid on the table. This is my impression but if you want an authoritative answer I must look it up. But you have raised it, you took ten minutes in your first speech, you have taken another few minutes now and perhaps we will have it this afternoon and tomorrow for breakfast and tomorrow for dinner.

HON J BOSSANO:

Mr Speaker, I have waited a year. I raised it in my opening paragraph once last year in response to the Finance Bill. I cannot help it if the Hon Member never reads anything, never remembers anything and doesn't do his homework, that is his problem and the problem of his perpetual deputy.

MR SPEAKER:

Order.

HON CHIEF MINISTER:

I certainly do one kind of homework and that is I don't stand up for two hours repeating myself ad nauseam.

MR SPEAKER:

May I say, insofar as the House is concerned, any Member is entitled to quote from any report or any paper they wish to do so. Whether he is entitled to do so on a matter of confidentiality because it has been given to him on a confidential basis, that is a matter between the Members themselves but he is not prohibited from mentioning it or using it or quoting from it in the House because it has not been laid.

HON J BOSSANO:

The point that I raised last year, Mr Speaker, and I am afraid I have to raise it again because the Hon Member hasn't answered me. I cannot help having to say the same things if he doesn't understand or if he doesn't want to understand. I am not talking about suspension of Standing Orders at all. What I am saying is when we get the Agenda of the House of Assembly it says 'Papers to be Laid'. What I was told in 1972 when I arrived in this House....

HON CHIEF MINISTER:

By whom?

HON J BOSSANO:

By the people who were already here including the Hon and Learned the Chief Minister and what I have known to be the practice since until last year was that the press could not quote from papers to be laid until the House met and they were laid. The press could not quote before that and that wasn't permitted. Therefore, if I got a report with the Agenda I couldn't make a comment to the press about that report until we had arrived at the House and officially the paper had been laid, that is what I was told. That is what I have known to happen from 1972 until 1986. In 1986 I find the Minister, Mr Perez, goes to television two days before we meet and two days before the paper is laid and quotes it. I then bring the matter to the attention of the Government and say to them: "I don't think this is proper". I wait a year and I don't get any response of any kind and I find that a year later he does exactly the same thing and I bring it up and the Hon Member says he cannot remember my having raised it last year but that he will look into it and since I am now making my last contribution and there has been no sign of life from the other side on this subject, I have to raise it again.

MR SPEAKER:

Fair enough, it has been done and you have been answered.

HON J BOSSANO:

If the Hon Member is quite happy that we all quote, I am quite happy. I am quite happy with that provided we all know that we can do it and we don't stop ourselves from doing it like we did, for example, with the Medical Review thing which we respected that we had got it and we didn't make any use of it. Then we find that when we get here you tell us: "Well, if the Hon Member is quoting from it that means he has now broken the confidentiality so we can all break confidentiality".

MR SPEAKER:

No, with respect, I did not say that. I have said that if any Member of the Government quotes from a document or a paper then he has the responsibility and the obligation to lay it on the table, that is what I have said. I have also said that any Member can quote from any paper, as I have said just now, from any report and he is free to do so, if he breaches confidentiality it is not the confidentiality of the House but the confidentiality over which he has been given the paper.

HON J BOSSANO:

Mr Speaker, I am grateful for your views on that subject. I think, to round up, there are a number of points that I need to say.

MR SPEAKER:

May I ask the Hon Member if he is going to be long?

HON J BOSSANO:

I have got a number of points that I need to develop.

MR SPEAKER:

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

The House recessed at 1.10 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind the House that we are still on the Second Reading of the Appropriation Bill and I will invite the Leader of the Opposition to wind up his contribution.

HON J BOSSANO:

Mr Speaker, thank you. As I said before lunch there are a number of other points that I need to cover on the Appropriation Bill. Also I will make some reference to the new page 5 which has been circulated just before the lunch break showing the estimated effect of the changes introduced in the Finance Bill to seek clarification of a number of points when the Financial and Development Secretary answers me. The Hon Mr Canepa, I think, was the one who made a reference to the fact that revenue was growing faster than expenditure and also to the fact

that the anticipated infrastructural costs had been made already and that they didn't anticipate any further in this direction. I am still not satisfied, Mr Speaker, with the explanations that we have been given in answer to a question in the House recently where we were told by the Financial and Development Secretary that in the 1986/87 estimates we had provision for £11.8m for the wages of industrial workers and that, in fact, he was now expecting the final figure to turn out to be £11.3m. I am assuming that in the revised estimates of expenditure for 1986/87 we have a reduction in that revised figure of £½m on the cost of industrial workers. I think it is difficult to understand how this could have occurred and we need an explanation because the explanation given to me by the Hon Member which is that in estimating at the beginning of the year the figure required, certain things cannot be anticipated, for example, the length of time in which vacancies may remain unfilled and therefore posts can be vacant and at the end of the year there can be a saving. But, in fact, in the letter that he sent me where he gave me figures for preceding years, the situation is that this has not happened. There hasn't been in 1985/86 and 1984/85 a situation where the final figure for the wages of industrials has been lower than the estimated figure at the beginning of the year and there is no reason to suppose, unless he tells me that that is what has been happening recently, that vacancies have been more difficult to fill in the Government and that therefore have remained unfilled longer. In fact, whenever the Government have spoken on the subject what they have said is in defence of their attraction as a good employer that they have lots of applicants for all the vacancies that come out. Of course, if we are talking about a situation where for some reason or another £½m less has been spent on the wages of the industrials than was actually provided for by the House in last year's Budget, it is important to know that particularly for two reasons. One of the reasons is its relevance to the question of liquidity and its relevance to the question of whether income is growing faster than expenditure. Because in looking at whether income is growing faster than expenditure, as the Hon Minister for Economic Development asked us to, what we need to know is whether it is going faster because Government is not spending what it is voting in the House at Budget time and consequently there is a shortfall in expenditure at the end of the year and that is where the differential lies. I must say that the new page 5 circulated by the Hon Financial and Development Secretary, of course, misleads in showing an improvement in the results for 1986/87 because as I pointed out with reference to the original page 5 - and I find that this has not been corrected - we have a surplus for 1986/87 of £1,192,000 but that is after having borrowed £1½m which should have been spent and was not spent. We need to know whether, in fact, what we are being told is the forecast outturn for the financial year that has just ended is in Government's submission reflecting a healthier

picture than estimated because they have borrowed £1½m which the House voted last year should be put in the Improvement and Development Fund and spent and they have not spent it and therefore the revenue is higher than the expenditure only because they are counting that £1½m as revenue and not as expenditure. Because, as I said earlier, Mr Speaker, in reference to the original page 5, in our view that is a total distortion of reality. It is a nonsense to keep on calling loans recurrent revenue unless we are being told that it is a permanent feature and we are being told otherwise. It happened for the first time in 1985/86, it was justified on the first occasion as a departure because of anticipated deficits that didn't materialise and it is still taking place. Therefore if the figures were presented as they have always been, we would be showing a deficit at the end of 1986/87. We have just learned, of course, that deficits no longer worry the Government like they used to in the past but nonetheless it should be there and it should be shown and if it doesn't worry them then they have no reason to hide it. I also think, Mr Speaker, that the other side of the coin of the failure to spend that money, the £½m I am talking about now on the wages front, is in relation to the ability of the Government to supply the levels of services in terms of cleansing and in other areas where there is a constant stream of complaints. The argument that we have heard in the past of financial constraints and doing what you can within the budget will not hold water if you have got a situation where you underspend on wages by £½m a year nor will the argument hold water when the Hon Major Dellipiani talks about the greedy workers wanting more and so forth and actually they have been paid £½m less than the House voted at Budget time last year. I am surprised that the Hon Major Dellipiani, in fact, should wish to draw attention to the non-operation or rather, the fact that the work of installing the third generating set is not proceeding and cannot proceed because there is a dispute with the Transport and General Workers Union which goes back to 1985 when he has got a problem closer at home himself in his own Department of which he has told the House nothing. If he wants to talk about the problems of industrial relations and how to tackle them, I would have thought that is a matter for the Minister responsible for that particular Department, it would have been up to Mr Perez to tell us whether he thinks, as the Minister responsible, that the workers in the Generating Station are greedy or not greedy or otherwise. But what Major Dellipiani could have told us was whether he thought it made sense to have spent out of the Improvement and Development Fund the year before last £135,000, if I am not mistaken, on an open hearth furnace which arrived in February, 1986, and to have that piece of equipment lying idle in the incinerator because of a dispute involving two men and one pay Band which is £2.50 each before tax, which is £250 a year before tax, which is about £170 a year after tax, Mr Speaker, and that is preventing

a piece of equipment worth £135,000 from being used and the equipment was used for one year because the men accepted the Government's offer of a basic wage of £87.50 for operating that equipment provisionally whilst negotiations took place and after one year of not getting anywhere they decided to revert to their old banding and the Government, his Department, and he is fully aware of it because I have made sure that he is fully aware of it, it isn't something that he doesn't know, his Department decided that the men could not go back to their old banding and put them off pay. The unions claim for reimbursement of the pay of those two men is part of the claim for the use of that third engine so he is contributing to the situation which is preventing a resolution of the issues with the union over the third engine and if the Minister for Economic Development is worried about the implications for parity of the shop assistants wages, then surely the Minister must know that next month there is a meeting of the Joint Industrial Council where the Transport and General Workers Union is saying that precisely over these two men and the issue of their banding in the incinerator and the fact that the Government having contracted them as Band 4 has refused to restore them to the banding upon which they were employed, in the union's view this is an infringement of the Government's agreement on parity with the union and the Gibraltar Government section of the union is taking the Government to the JIC and telling the JIC that they wish to break with the Joint Industrial Council negotiations and with the involvement of the Government with the official employers. These are important matters which, quite frankly, we don't normally discuss at Budget time because I don't think that this is necessarily the ideal forum in which to discuss how best to solve these kind of problems. Problems like these there will always be but what we cannot have is one Minister coming and making a bland statement about the problems in the Generating Station and ignoring the problems in his Department which for the average person it must appear a very small problem if it involves two persons out of 1,600 but these things if ignored and allowed to fester can grow into mountainous problems. And if the Minister for Economic Development is concerned and was influenced in his decision over shop assistants' wages as he said he was because of the implications they might have for parity, I am astonished because by implication it means he is not aware of the fact that this Joint Industrial Council meeting is taking place and the reason why it is taking place although this has been formally and officially put to the Government as the official employer. I am saying that, Mr Speaker, and I am saying it against the background of having underspent £1m on the Appropriation Bill. We are talking about having appropriated £11.8m this year and having spent £11.3m. Are we this year in this Appropriation Bill because it is impossible unlike personal emoluments, Mr Speaker, where we can actually add up all the personal emoluments under all the Heads as we have mentioned before, I think

we have had to some extent some explanation which is comprehensible as to why the same thing cannot be done with wages but, of course, the wages side of it, Mr Speaker, is shown in some areas and not in others and, of course, it is shown where the wages can be clearly identified. For example, if we go to page 35 on Electricity Undertaking, we find the wages and the cost of wages of the Generating Station and, in fact, what we do find there is that although in 1986/87 the Government provided for Waterport £327,000, this year they are providing £315,000 which is £9,000 or £8,000 less than last year. That doesn't indicate to me huge escalation of wages which appear to be worrying the Minister for Public Works, Major Dellipiani, the Hon and Gallant Member, Mr Speaker. In general, I think it can be clearly demonstrated and I would invite the Members opposite to correct me if I am wrong, perhaps the Financial Secretary can correct me if I am wrong when he answers, it can be clearly demonstrated that, in fact, industrial wages in general have not been in the Government of Gibraltar because of recent parity increases in UK being in the region of 5%, have not been going faster than estimated. If there has been a growth and the Hon Minister for Economic Development was referring to how much the wages and salaries bill of the Government was, if there has been a growth which is faster than average it has been on the salaries side because there have been a number of restructuring exercises in UK which, I think, have probably proved to be fairly expensive at the end of the day because they tend to help the people most who are long-serving and tend to reduce lower entry scales. Most of the restructurings that have taken place and are taking place now concerned managerial grades, supervisory and managerial grades and the effect of that is to protect the position of the people in post on personal to holder rates, given much higher maxima and produce lower entry rates and since most of those officers in the Government tend to be officers with a long service behind them because quite a lot of them start off as industrials and then move into the non-industrial field and carry all their service with them, in the particular case of the Government of Gibraltar I think that if there is an extra cost this year over what one would consider to be the average, that is probably where the reason is going to be found but not on the industrial front. I think it needs to be put on record because it is all too easy to make sweeping phrases about the greediness of the workers and therefore everybody goes away with an impression which if we are going to be factual about things, well, then let's put the facts on record, Mr Speaker. I also think it is important from the point of view of the statements that have been made, Mr Speaker, by the Members opposite in relation to this concept of liquidity whether I am correct in thinking that the position shown on page 5 in the revised statement provided to the House today is one that shows a decline in liquidity over the next twelve months. Is that correct or is that not correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, my attention was distracted. If the Hon Member would repeat it, I didn't quite get that.

HON J BOSSANO:

I would like to know whether the new page 5 that the Hon Member has circulated to us shows a decline in liquidity in the financial year ahead because that seems to me to be what it is doing if I have understood correctly the concept with the limited explanation that we have had because I am assuming, for example, Mr Speaker, that in assessing liquidity against the background and in the context of the arguments used by the Hon Member opposite, for example, when the Loans Empowering Ordinance came to the House in December, 1984, and in subsequent debates where we clearly hold strong and opposing views on the distinction between current expenditure and capital expenditure, that he is, in fact, looking at the balances in the Consolidated Fund and in the Improvement and Development Fund simultaneously and that consequently he is saying that if there is, for example, a balance of £2,413,000 on the 1st April, 1986, in the Improvement and Development Fund and a balance of £9,710,000 in the Consolidated Fund, then he has taken those two together to arrive at total liquidity whatever else he may be taking. I don't know what else he may be taking but in taking those two together we come to a figure of £12,123,000. If he has taken them together in 1986 and taken them together in 1987 then I assume he has taken them together in 1988 and that would then show a decline in liquidity. I am also assuming, Mr Speaker, that a factor for which he is seeking to take the credit is the reduction in the value of outstanding bills which clearly form part of the Consolidated Fund.....

MR SPEAKER:

You did mention that, didn't you, this morning?

HON J BOSSANO:

Not a reduction in the value, Mr Speaker.

MR SPEAKER:

In tax on the amounts collected.

HON J BOSSANO:

No, what I mentioned earlier was that in previous statements the reference to liquidity was that the liquidity of the Consolidated Fund Balance had to bear in mind the fact that included unpaid bills, that is what I said

before. I am now talking about the actual increase in liquidity being linked to a reduction in the unpaid bills and in the value of the unpaid bills. Of course, one of the factors in reducing the value of unpaid bills, as I am sure the Hon Member will have to recognise, is the reduction in the FCA. If we look, Mr Speaker, at the Funded Services in the Appendices and in particular if we look at page 125, we find an introduction this year of a new element in the information available for which we are grateful because it gives us extra and additional information which we have lacked in previous years and that is a footnote telling us the values of the bills issued and the FCA. We see that the income of the Electricity Fund in the financial year just ended declined because the FCA dropped by half. Obviously that was counterbalanced by a decline in the cost of fuel on the expenditure side so that decline makes no difference to the actual results of the Electricity Undertaking Fund but it does make a difference to the value of the outstanding bills so even if you have got six months of outstanding bills, if the fuel cost adjustment has been reduced by half then the value of the bills are lower because the bills are lower and therefore if you are looking at the outstanding value of bills in your Consolidated Fund and attaching importance to that in terms of improved liquidity, then your liquidity has improved. If that is the case, in looking at 1986/87 approved estimate and revised estimate, it must follow that what we are projecting is the converse because what we are projecting is that in the forthcoming year the FCA will double again back to what it was in the approved estimates last year. That is reflected in the body of the estimates in the Electricity Head and there we see, Mr Speaker, that the vote for fuel for Waterport last year was £1.3m, that it was £½m down obviously because of the cost of the fuel coming down because that is reflected in the fuel cost adjustment formula, and that we are voting in this House the £½m back again so we are clearly assuming in these estimates and in this Appropriation Bill that the cost of fuel is going to increase over the next twelve months. That is what we are voting for. If the Government is not making that assumption then they shouldn't be coming here asking for this money.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Perhaps the Hon Member will give way because I want to make quite sure I have understood him and as I certainly won't be giving him the opportunity to interrupt me when I am making my winding up speech, I thought I had better give him the opportunity of correcting himself now if I have misunderstood him. In the page to which he is referring the estimate for 1986/87 was bills issued £3.785m, the outturn is £3.943m, that is to say, an increase in the value of bills issued although, as he quite rightly points out, the fuel cost adjustment has been halved. I wonder if he would like to explain that in the context of his observation that the reduction in the outstandings is only because of the reduction in the price of fuel.

HON J BOSSANO:

Mr Speaker, I am assuming from the figures here that, in fact, the bills issued which differs from the figure in the top line of that page, that is to say, if we look at the approved estimate, the estimate assumed we would issue something like £5m in bills and of that £5m, £3¼m would be the basic cost of electricity, if you like, and £1¼m would be the FCA. If the FCA is reduced it means that for the same consumption and the same length of arrears there is less owed because the bill is lower, that is the point I am making. In fact, you can have two situations, for example, in 1985/86 there isn't a breakdown but in 1985/86 we have got actual revenue £5.3m for one year. Let us assume, Mr Speaker, that as a matter of course we were saying that on average people owe six months of electricity then we would say: 'If they owe six months of electricity in 1985/86 this would have meant that the Government had £2.6m in unpaid bills in its Consolidated Fund negatively affecting its liquidity', according to the statement made by the Hon Member in 1985 and in 1986 when he referred to unpaid bills affecting the liquidity of the Fund. If in 1986/87 the bills instead of being £5.3m are £4.5m and if people still owe six months then this year they only owe £2.2m. Simply because the cost of fuel has come down, the fuel adjustment formula has worked through to the bills; simply because of that, liquidity improves £¾m. That has nothing to do with the Hon Member opposite, that has to do with OPEC. And, of course, if he wants to take the credit for what OPEC does as well as for the reduction in inflation, changes in world trade, lower interest rates. When he talks about the servicing cost, Mr Speaker, when the Hon Member, for example, wrote to me on the 18th July, 1984, he gave me the estimated servicing of debts which he has told us in this House have been brought down and, again I am talking to the Appropriation Bill because we are appropriating expenditure out of the Consolidated Fund to service the national debt. The Hon Member told me that the estimates made by the Treasury was that in 1987/88 the national debt would be requiring £6.6m to service. Assuming a pessimistic 13% charge on all the rates from the banks, that is, Barclays, Lloyds, Midland, Hambros and now Indosuez. In fact, that was pessimistic and the situation is that it is much lower than that, probably in the region of 10½%. The Hon Member in that £6.6m included £1.6m repayment of the Midland International loan which he repaid early last year. If we take that £1.6m away that leaves us with £5m. If we look at the debt servicing charges and we take cognizance of the fact that the estimate he gave me in July, 1984, assumed a pessimistic 13% charge and that has not materialised then the reason why the total public debt charges are not higher is because the interest rate is lower but even so we are talking about an estimate for 1987/88 of total public debt charges of £6m, Mr Speaker, and we were talking then about £6.6m

inclusive of £1.6m payment to the Midland Bank which was repaid early a year ago. I would also like, Mr Speaker, to have an explanation from the Government on whether when they are talking about infrastructural costs being completed in relation to the opening of the frontier and the pressure that that was supposed to be, what they are really saying is that barring new developments they are satisfied that the level of expenditure that we are appropriating in this Bill is sufficient to maintain the services in a satisfactory condition because certainly that is not the impression that we have and having been told how in the past there have been limitations on what we could do, we still see that now there are no limitations apparently to the degree that they existed in the past, the constraints are not the same and yet there isn't a reflection in the estimates in the Appropriation Bill that the maintenance of these municipal services, for want of a better word, the essential care and maintenance of our City on a daily basis which was once a City Council function and is now a central Government function, if there is no push here to improve this. Clearly that is something that in the Appropriation Bill the Government should be reflecting as well and if they are not, in a situation where they are saying we can afford now to reduce the burden of taxation, it must be because they are saying 'enough money is being spent and a sufficiently good service is being provided'. Of course, the fundamental element missing in this particular Budget, Mr Speaker, which will be there in the next Budget when we present it, of course will be the investment plans which are so essential if a real attack is going to be made on our tax structure. We don't really believe that the Government can honestly tell us and tell the people of Gibraltar that they can look forward to a situation of reducing the very high burden of taxation consistently year after year by a wider tax base, as the Hon and Learned the Chief Minister seems to have suggested, that is to say, that we can give people another £200 or £300 allowance this year because we have employed 1,000 more people and then next year we give them another £300 because we employ another 1,000 people which would put us in the £14,500 bracket and then, of course, by the time we get to the £2,200 minimum that we think is required this year to give somebody a threshold income of £44 before they start paying tax, before you can get to that minimum you have to be employing about 20,000 people in Gibraltar and what with the millions who come to see us and the thousands who would be working to service those millions, the total place would come to a complete and grinding halt. What we need really is from the Government and what we will get from a GSLP Government is the kind of initiative that will generate new income, that will generate new wealth that will put Gibraltar on the map. That is what this Budget should be doing and that is what this Budget fails miserably to do. Thank you, Mr Speaker.

MR SPEAKER:

I will then call on the Hon and Learned the Chief Minister to exercise his right of reply.

HON CHIEF MINISTER:

Mr Speaker, as Hon Members know, I spend very little time outside the House and I listen to everything that is said and it is only the calls of officials or the calls of nature that make me be absent from the House and to be quite frank the different speeches of the different Members other than the Leader of the Opposition to which I will come later, that have been made have been answered by Ministers responsible for the particular Departments and in any case they are very similar to the speeches of the Estimates of last year, everything is very bad, nothing is alright, everything in the Budget is wrongly put down and 'you wait until we come in, we will put everything right'. That is further highlighted by the chimera that the Leader of the Opposition has finished with where he is going to put everything right, they have already got one target and if you follow his argument for anybody who likes to talk as he does and he talks quite well and likes figures as he does, he could be here, in fact, we are grateful that he has only taken two and a half or two and three-quarter hours because I know that he doesn't look at the clock, other people, even his colleagues look at the clock from time to time but he doesn't, he is enthusiastic, he is so fond of his own voice that he doesn't mind whether calculations about timing made by other people are within bounds. Fortunately, in a way because we have developed this Chamber in absolute freedom of speech, fortunately, neither in this nor in Questions is there a time limit. But it seems to me that if Members are going to take two and half or two and three-quarter hours on speeches, if that became the norm, perhaps we could make the exception for the Leader of the Opposition, but if that became the norm perhaps there might have to be a meeting of the Rules Committee to consider the extent to which one can hear the same thing said in different ways so many times. The last remarks of the Leader of the Opposition show the extent to which he can delude himself to get himself arguments in which to pursue his speech. For example, he said that a wider base at a thousand so much and so on, so he fills that up with 20,000 people before we can get the revenue that will require the reduction that we have made this year. Well, he knows, as he is so often fond of saying, he knows very well that it doesn't work that way, that it isn't only numbers but quality, it isn't only wage earners but salary earners and companies who may be coming on stream after eighteen months or two years of an open frontier with good business results that will bring in taxpayers, will widen the taxpayers. He seems to have in his mind only the average worker

and not the fact that there are many people who pay considerably more tax than the average worker and rightly so because they have more revenue. So really the broadening of the tax base is not in proportion to the number of people but to the amount of the income. He reacted to that in the same way as he was reacting prior to the Brussels Agreement where he felt that the streets of Gibraltar were going to be full of unemployed Spaniards offering their services for a few pence and events have proved that he was wrong in that and events will prove that is wrong in all the predictions that he has made in the course of this Budget. Reference was made this morning about something on which I feel rather strongly, nothing to do with the Budget, but something to do with the House and there was an attempt by the Leader of the Opposition to hurt, perhaps, though not wanting to admit it, by the analogy that my colleague had made yesterday about strip teasing and saying that the House should not be reduced to this levity to that extent and that now that the House is being broadcast which may well be why the length of speeches this year on the other side have increased, that we should be careful because we might give the wrong impression. Well, first of all, irrespective of what I am going to say, I do not think that by any similar standards this House can give a wrong impression of how it conducts its business, irrespective. Irrespective of the fact that the Leader of the Opposition told the Speaker at a recent meeting that he questioned his infallibility and he questioned his ruling, irrespective of that, irrespective that he was sat down by the Speaker because in a fit of temper he wouldn't take his ruling, I still say that this House behaves itself quite well. I have some concern for that having been here a little while and I think that nothing that has happened in this meeting has made the proceedings of the House less worthy of what they have always been. Perhaps the fact that some people are stuck to their radio sets to see exactly what is happening, that is why the streets are so empty almost as if there was a football final, everybody is stuck to the radio listening to the millions of pounds. Somebody told me this morning: "It sounds very much like Spain with so many millions being mentioned by the Leader of the Opposition up and down in the course of his Budget speech". But be that as it may, what has happened is that the Leader of the Opposition is getting towards the end of his period of frustration of fifteen years in the House, preaching that wonderful gospel that will bring happiness to everybody, thinking perhaps that the time is getting nearer for the great day, still worrying that he may have another four or eight years of preaching from the same place and that is, I think, his great concern and that is why there have been so many promises but somebody will have to start to quantify one day the cost of all the things that the Opposition are offering the people and where the money is going to come from particularly if we do away with the Ministry of Defence for which there is very little need here, and if we do away with other things that Members opposite do not attach much importance to.....

HON J BOSSANO:

Can the Hon Member say on what part of my contribution of the two and a half hours or anybody else on this side he bases the statement that the GSLP says that we want to do away with the Ministry of Defence?

HON CHIEF MINISTER:

I am not referring to what the Hon Member has said in the course of his speech, I am referring to their policies. I was referring to the cost, generally, of the things they are promising, I wasn't referring to this. There has been a very wide range of attacks against the Government, I am perfectly entitled to refer, in passing, to certain areas of the Opposition that require criticism or is it that we are just going to be here listening hour after hour to whatever Mr Bossano wants to say and we are not going to be allowed to have our say? That would be contrary to the traditions of this House and contrary to the way we have always run it.

HON J BOSSANO:

The Hon Member has now accepted that it is not our policy to do away with the MOD?

HON CHIEF MINISTER:

Well, I do not know, I don't see any enthusiasm on the part of the Members opposite about the Ministry of Defence and I have heard.....

HON J BOSSANO:

Mr Speaker, half the people here are employed by the MOD and we were totally committed to opposing the Dockyard closure, isn't that enough for the Hon Member?

HON CHIEF MINISTER:

Well, perhaps time will tell whether one says one thing in public and one says other things in private. Anyhow, coming back to one of the two specific points which I consider it my duty to answer because they are matters of important policy which we have to clear and I would like to refer to one or two of the matters which are directly my concern in terms of policy and that was the particular reference to the question of Spanish pensioners. That is something which I am more in a position because that is a political matter to answer though not on the financial repercussions, we know what the bill is, but what I have to explain is the state of play on that. It is not correct to say that we have made a decision

that we are responsible for those who had attained a full pension before the closure of the frontier. We do say and we have said that that is a matter for consideration, that that is an aspect of the matter which affects the whole position which has to be considered. But because there are on-going discussions and are likely to be difficult, I do not want to give that away that easily in respect of the negotiations. I have said that there is a moral and, perhaps, it can be argued there is a moral duty in that respect because if there had been no increases that have made the matter so big, it would have been a normal charge because they had contributed everything by the time they finished and therefore they were not deprived. But I do not want it to be said that that is a Government stand on the matter now, it may well be that that is one of the arguments that may be bargained for something else but I am not prepared to allow the statement to go unchallenged as being the view of the Government in that respect. It is very important because it can be used against us at a future date.

HON J BOSSANO:

Perhaps I can simply clarify for the Hon and Learned Member that the only reason why we assumed that was because at some stage last year the Minister for Economic Development invited us to take that position jointly with the Government which we then said we did not accept. We assumed that if we were being invited to join that position it was the Government position.

HON A J CANEPA:

If I may explain, Mr Speaker, the personal view that I take on the matter is that the group of Spanish pensioners who made full contributions before 1969 and who became entitled to pensions before 1969 should not be treated differently to any other group of Spanish pensioners similar in number twenty-something or thirty-something years after the event. In the same way as the contributors of today or of the future will meet the cost of the pensions, let us say, to 500 Gibraltarians who became pensioners before 1969 through increased contributions, if necessary, I think that those contributors have a similar moral obligation in respect of those Spaniards. They should not be treated differently, in other words, because they are Spaniards, that is discriminatory. But in respect of the ones that were removed for political reasons, that is another matter, that is the point. Perhaps I have never developed it to the extent of drawing a link with another group of Gibraltarians but because of statements that I have seen in the press since then, I am now making it clear that Gibraltarian pensioners who drew their pensions before 1969 who are still alive and who will be alive for many years to come, they have by now more

than derived benefit over the years in respect of the contributions that they made. It is today's contributors that are paying for them and the same thing should happen with the Spaniards. I hope the position is clear, it is a personal view.

HON J BOSSANO:

I think that is what wasn't clear before, Mr Speaker. I think we understood clearly what the Hon Member said the last time he said it, we just assumed that he was telling us that is how the Government thought.

HON CHIEF MINISTER:

Ministers are entitled in matters of this nature to express a view and if it is necessary, of course, they get full support but as we have on-going discussions which are not going to be easy, I feel I have to put the position clear because I don't want to be bound by any particular attitude in what is going to be anyhow a difficult process and that is why I felt that one of those things that one has got to make quite clear in order not to be tied up whatever the moral requirement which no doubt will have a deciding effect but we cannot make statements unnecessarily at this stage on that question. With regard to the onslaught on the finance centre and the changes proposed to what contribution the Government is making on the finance centre, well, the Government of Gibraltar is making a lot of contribution and sometimes one tends to identify it most but, in fact, the climate - and I don't only mean the sun which is also a very important factor for which no Member can take credit himself - but the political climate is one aspect, I think, one contribution. In fact, often I am asked by visitors hoping to establish themselves here and for this I make no excuses, what about political stability? I say: "I think we have political stability, some people think there is too much stability". I think for some people's liking there is too much stability so that is one aspect that this Government certainly provides for the encouragement of the finance centre. Insofar as the question of development aid is concerned and the blow that could be given to it by the proposed provisions in the Development Aid Ordinance, we feel that for the moment, anyhow, and for a long time to come, enough office accommodation is being provided, some people think too much of it, enough office accommodation is being provided in the pipeline. With development aid of a limited nature because development aid has not been recently, the new output has been that people should not have the right to assume that they are going to get 100% development aid, it is that part of the project that enhances the criteria with regard to the support for the economy that the criteria of the development aid has. Enough of those, I think, are in the pipeline to provide the requirements of, I should imagine, the

next ten years easily, that is my guess on what is going on now. Therefore in that respect I do not think that it can be said, whatever else may be thought about the possible changes and the date and so on, it cannot be said that that is going to be a disincentive. Again on this question about the EEC Directives, we have always said, first of all, so far we have not had any difficulties with regard to the finance centre. There are in the horizon possible difficulties but we have always felt and, in fact, a study is being made now, we have always felt that we can live with compliance with the essentials of the Directives without in any way detracting from the attractions of the finance centre and I think other people more directly interested, more directly concerned share that view, we hope that that can become a reality. In fact, so far there has been no impediment. I just don't want to make empty statements without examples, the test will come, I think, when we have a final review of the Companies Ordinance which requires to be amended not only because of the Directives but because we are working on the 1929 Act of the United Kingdom which is completely out of fashion in many ways, in some respects too cumbersome in some respects too light but one of the things that we have said and we have said this to all people who come here and are interested in the centre and that is that we must have a finance centre with the right infrastructure of, policing is not a nice word but of controlling or supervising that provides high standards and not low standards and then losing credit and lose the standards and the credibility and the standing of the standard, the standing that the centre has reached today and I cannot see anything in the future that is likely to affect that. I will not enter into a discussion about the industrial problems of two particular people. Even though there is a letter here from the Minister to the Leader of the Opposition in his other capacity as a trade union official setting out the case, I don't think I need bother about that, but certainly one thing sticks in my mind from the little I know of the problem is that precisely the JIC at the time of the study of the parity stages, one of the ideas that was, I think, in fact, it went further than an idea, it was decided that there should be a sub-committee for banding, upbanding and so on and that the claims for upbanding which have been made, perhaps I will only refer in this respect in order not to complicate the matter because I don't know enough about it, are just demanded and is not complied with action is taken without going through the procedure, I am not saying that that is the case but that is my understanding of the matter. I don't know that I would like to say that I wish the Leader of the Opposition luck in his attempts at disbanding JIC but I don't think that there can be a joint council which has no union and that if there is no union and I wish there was no union on the other side but what I mean is no union in calling it joint because there is only one. So I don't

think I wish him luck on that, in fact, I wish him the worst of Gibraltar luck on that because I don't think he will succeed. Attempting to divide us in one matter because it suits him is too high a price to pay for the possible benefits that that Joint Industrial Council could play in other areas where there might be conflict in the future which, fortunately, we don't have now. I am not shirking the question of liquidity but the bulk of the attack on that has been made against my colleague, the Hon Financial and Development Secretary who is responsible or who may have provoked the statement made by the Leader of the Opposition and I know that the matter is in very good hands for him to answer. Let me say that we come to this Budget with a clear conscience of having done, I don't know occasionally I think whether if, in fact, everything that Mr Bossano says is true, the bulk of the people of Gibraltar have been mugged for the last twenty years because they keep on electing the same Government. You say yes, so let it be said for the record that the Leader of the Opposition thinks the people of Gibraltar are mugs for electing AACR Governments and let us hope that he continues to be right and that we continue to be so elected.

MR SPEAKER:

I will then call on the Hon the Financial and Development Secretary.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. It is with a heavy heart that the maiden lifts up her skirts once again, to continue the vulgarity which seems to be fashionable, and climbs on her penny-farthing. Perhaps I should say that I don't want to spend too long, Mr Speaker, I obviously would have to spend a great deal of time and keep the House here for perhaps two or three hours answering in detail all the Hon Leader of the Opposition's points. I hardly think it necessary for me to do that and I think he will probably be the first to admit, perhaps in his more private moments, that some of them were intended politically rather than otherwise but I think there are one or two points I ought to put right because they either raised questions of law or simply accuracy, for the record. It is difficult for me to answer the points that the Hon Member raises when he says that in 1984/85 I gave a certain forecast and now that has changed because obviously circumstances have changed. I may have said in 1984/85 that I assumed that debt charges would be whatever the forecast I gave then was, well, clearly there have been other changes in the Government's programme since then and the position will have changed both as to volume and, indeed, interest rates. All I can say on the subject of debt and I don't think that this can be disputed,

is that debt charges which were at a figure of £28.9m in 1984/85, at the end of 1986/87 reduced to a figure of £26.8m and that is what I mean when I say that public debt has come down. Public debt was at a figure of £29m in 1984/85 and at the end of 1986/87 £26.8m, that is really the only point I want to make. I will even allow the Hon Member to think that the fact that public debt peaked in 1984/85 when Traynor was here and not Wallace was actually the results of activities taken by Traynor. He knows perfectly well that it wasn't and that there was a substantial increase, indeed, as I have said before in the House, that there was a substantial increase in borrowing which he certainly approved because it was for social purposes and that public debt was, I think, £8m or £9m in 1980/81. Clearly, the reason for the increase had nothing to do with Traynor. Again, what I said about growth in last year's Budget was on the basis of information which was available to me then and I am bound to say that there was something of a debate amongst my Learned Colleagues in the Economic Planning and Statistics Office as to exactly what the rate of growth was. Subsequently we compiled national income statistics and as soon as we were in a position to give the House the figures for national income we did. I am the first to admit that my figure of 2% or 3% was conservative, I accept full responsibility for that but it doesn't mean to say that I am trying to mislead the House, Mr Speaker. The Hon Member has mentioned arrears, this is always a subject which is dear to my heart as he will know. Again, I accept that there is something in what he said that the improvement is clearly affected by the total value of the bills issued and if the value goes down you would expect that to be reflected but I think he must also accept that there is another ingredient, another constituent in the calculation and that would be the increase in demand and, secondly, that it isn't in every year of Traynor that the fuel cost adjustment has had that effect on the figures. I do happen to have in front of me because we now take this particular question very seriously in the Treasury, I do have the figures for the amounts outstanding for the last four years - 31st March, 1984, electricity, water, telephone, the figure was £4.7m; 31st March, 1985, it was £3.6m; 31st March, 1986, it was £3m; and the latest figure I have is £2.8m, so it has been coming down. We must remember that when we talk about amounts outstanding we are, in fact, including the bills that have just been issued. I think that we are getting to a state where the problem of arrears and I would like to pay tribute to the Arrears Section of the Treasury who work very hard at this particular problem and it is not a thankful task, obviously. I think we are getting to a position where the arrears is under control except for this tail of aged debts, the inactive accounts which I am afraid has been inherited from some considerable time ago but those are the facts on arrears and I would just like to present them to the House. The next point that the

Hon Member raised and, as I said, I don't think I can possibly answer all his points, Mr Speaker, but simply the major ones, he raised the question of the £1.5m and I think he attached particular importance to this so I think I owe him an answer, the £1.5m contribution from the Consolidated Fund to the Improvement and Development Fund, and he quoted the Public Finance (Control and Audit) Ordinance. I see that Section 10(1)(e) which he and I have a particular fondness for has now become Section 12(1)(e) in the revised edition but he quoted from Section 26, I think I am correct in saying, which says: "There shall be paid into the Fund, the Fund shall consist of all such moneys as may from time to time be appropriated by written law out of the Consolidated Fund for the purposes of the Fund" and the Hon Member's point was that at the beginning of last year we had the Appropriation Act and therefore we appropriated that money out of the Consolidated Fund into the Improvement and Development fund. Well, yes, but I think he has to read Section 26 with the earlier Sections which give the Financial Secretary responsibility for managing the finances of the Government and, in fact, Section 4 of the Public Finance (Control and Audit) Ordinance refers specifically to the point raised by the Hon Member on the coming into force of an appropriation law, it begins, and I am therefore obliged or I have to authorise the Accountant-General to pay out of the Improvement and Development Fund such sums as may be required or out of the Consolidated Fund such sums that have been prescribed by law. However, 'provided that' - it goes on to say - 'it shall be within the discretion of the Financial and Development Secretary to limit or suspend at any time any expenditure so chargeable under an appropriation law if in his opinion the public interest so requires'. I have responsibility for managing the finances of the Government sensibly, I hope, I am quite prepared to listen to criticism by Hon Members, that is indeed their absolute right but, in my opinion, it is not sensible and not in the public interest to appropriate sums of money when they are not needed. If I may give another example to Hon Members, each year we vote a contribution to the Funded Services or at least to some of the Funded Services and we may say that the contribution from the Consolidated Fund to the Electricity Fund shall be £1.5m. If as a result of the transactions in that year the Fund does not require a contribution of £1.5m, that is to say, it doesn't make a loss of those proportions, of that magnitude, then, clearly, it would not be commonsense to vote £1.5m although there is an appropriation law which empowers us to do that and that is really the only point I wish to make on that particular issue that it is in my opinion, I think, and also in the view of my colleagues in the Government that the contribution should not be made. And my reason as I did explain earlier is that from the point of view of managing the finances of the Government it is easier to manage the Fund as a whole, in that way one can place them to best advantage. Really, I think the last point I do want to reply to, Mr Speaker, is the question of liquidity and I listened

very carefully to what the Hon Leader of the Opposition had to say about this and he did feature it in his speech, I think, to quite an extent so I think I owe it to him to reply and I hope that he will feel that on reflection, perhaps, he owes it to me to withdraw some of the things he said, namely, that it is a totally new concept and, again, that I am misleading the House. Well, so far from being a totally new concept, Mr Speaker, I do now come armed with Hansard and, indeed, I am beginning to resemble the Hon Leader of the Opposition both in terms of the armoury I bring with me and sometimes my difficulty in finding the right place because I am acquiring almost, I wouldn't say as great a familiarity with the Government's accounts and financial affairs that he clearly has, I mean that would be naive of me to pretend that I have but I am beginning to understand the way his mind works a little better than perhaps I did originally. We have what the Hon Leader of the Opposition has called a totally new concept. If it is a totally new concept one would not expect to find that there had been any reference to it at an earlier stage. I am looking now at my Budget speech March, 1985, where I said that I had explained in the past.....

HON J BOSSANO:

I have already quoted that part to him.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

March, 1985.

HON J BOSSANO:

Yes, I have already quoted that to you, that reference.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I think the Hon Member did after lunch, I certainly accept that, before he may, in fact, have done his homework over the lunch hour, I know he does work during lunch hours but in actual fact what I would like to say is simply say what I said in 1985: "I have explained in the past that the calculation of the reserves in the Consolidated Fund and the amount owing to the Government in unpaid bills at any one point are not the only two calculations which should be taken into account in determining what the Government's liquid position is". The Hon Member interrupted me at that stage and said: "If the Hon Member will give way. We understand perfectly what the Financial and Development Secretary is saying and we understand perfectly the change in approach by him". In fact, obviously the concept was sufficiently familiar to Hon Members opposite for the Leader of the Opposition to go on and give the Chief Minister credit for understanding it which

is something he rarely does because he went on to say: "the Hon and Learned the Chief Minister made a reference either this year or last year, in his Budget contribution to the fact that the Financial Secretary now was looking at the situation from the point of view of maintaining liquidity". So I do not think that this is a totally new concept and, in fact, I was looking through earlier references in Hansard, Mr Speaker, we have had this particular question before but I would like to explain briefly and using - I wouldn't say explain, I would like to repeat once again what it is I mean by liquidity. It is quite simply the Government's cash resources and the investments in the Consolidated Fund and if he will turn to the Estimates he will see that in the balance sheet there is always a figure for cash at hand or at bank and then there is a figure of investments in the Consolidated Fund. If he will look at the figure, it is on page 3, I think you will find it in the Draft Estimates, I am simply adding the figure of £9.370m in cash and the figure of £1.6m in the Consolidated Fund and that is the figure which I have said as of now, at the end of March, is of the order of £14m. I think I would be the first to accept the Hon Member's point but a lot of this money is not necessarily going to stay in the Consolidated Fund. If we are going to make contributions to the Improvement and Development Fund, clearly, some of that money will go into the Improvement and Development Fund next year but it is there, that is all I am saying, this is the Government's cash position and clearly it is a very healthy one and I am really not trying to make any other point, Mr Speaker. What it does mean, I think I would say this, this is really my final point, what it does mean is that whereas shall we say three or four years ago when the Hon Member, I think I used the phrase snatched to Baroness Young and said that half the money in the Consolidated Fund or most of it was actually in unpaid bills, that is no longer true to anything like the same extent and for two reasons. First of all, because of the improvement in the collection of revenue which I have mentioned and, secondly, because two of the Funds are now in surplus and so one doesn't have the situation where money is simply due to the Consolidated Fund from the various Funded Services, one has a situation where that money which represents outstanding bills is balanced by surpluses in the Fund itself hence the improvement in the Government's position, hence the improvement in the Government's liquidity position. That is all I want to say.

HON J BOSSANO:

Mr Speaker, could I ask the Hon Member, did he say that page 4 - £14m, and page 3 - £9.3m, is what he added together to get the £14m?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Speaker, he won't find a figure of £14m in the balance sheet because I am giving him an estimate which obviously couldn't be, I am giving him an estimate, he won't actually see that figure I think in black and white for another few months because it relates to the 1986/87 accounts but that is the figure my staff have given to me representing our cash resources at the end of this year. For the previous year, page 3, we have the £9.3m and the £1.6m, that gives you £11m and I think I mentioned £11m in my speech. That is really all, Mr Speaker. Do I now commend the Bill to the House, if so I do so with a full heart.

MR SPEAKER:

No, that was done long ago.

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

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I now move that the House should resolve itself into Committee to consider the Finance Bill, 1987, and the Appropriation (1987/88) Bill, 1987, clause by clause.

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

THE FINANCE BILL, 1987

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

Clauses 2 and 3

HON J BOSSANO:

Mr Chairman, is this related to the question of people working for exempt companies?

HON CHIEF MINISTER:

No. It is the transfer of shares that has not been covered previously, exempting from stamp duty the transfer of shares of exempt companies.

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

Clauses 4 and 5

HON A J CANEPA:

Mr Chairman, during the course of my intervention in the general debate, I omitted a sheet of paper in my notes where I would have dealt with the point raised by the Hon Mr Bossano which I think is relevant at this stage and that is the policy that we are going to apply in regard to home ownership in the new situation. With your leave I would like to explain to the House what is intended. Broadly speaking, Mr Chairman, the approach is threefold. We will give a 100% relief in respect of a development meant for home ownership for the local market and where it is of a low cost nature. In other words, something like Vineyards where the Government itself in the tender conditions has laid down certain price levels and conditions which it will apply to get the developer to stick to those. Broadly speaking, that sort of development for the local market would carry 100%. Luxury houses and may I give an example, let us say that somebody constructs three housing units which are going to be sold for £150,000 each, would get nothing. Then what I would call a sort of development aimed at a mix of purchasers where some of the units are going to be taken up locally and some may not, for instance, the existing Woodford Cottage development, Woodford Cottage north, the policy has been in the past to give them a small percentage of 15% or 20%, that I think would be the approach in the new situation. Where a reasonable number of them could be sold locally but not necessarily of a low cost nature, of a moderately price nature, then they would probably get a development aid licence because that has got some benefit in particular for local buyers in respect of relief from rates over a ten-year period which is an important incentive but it would only carry a low percentage, 15% or 20% of that order. That, I think, would be the approach, Mr Chairman. Since the Clerk has called out Clause 5, may I move a very small and simple amendment, Mr Chairman, to clause 5 and that is in new section 21 to delete the date "1st April, 1988" and substitute in its place "15th February, 1988". That, I think, should meet the point about not overrunning the life of the present House. I beg to move formally, Mr Chairman, the deletion of the figures and word "1st April" from Section 21 and the substitution therefor of the figures and word "15 February".

HON J BOSSANO:

Mr Chairman, we are going to vote in favour of the amendment because it meets our criticism of something coming into effect beyond the life of the House. In the light of that instead of voting against the proposal to eliminate it we are abstaining because, quite frankly, independent

of the date when it comes in, we feel ourselves that this is a major policy on which we ourselves are not entirely clear whether we should do it away or not do it away. But since the date meets one of the major arguments we will not vote against it.

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

On a vote being taken on Clause 4 and Clause 5, as amended, the following Hon Members voted in favour:

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

The following Hon Members abstained:

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

Clauses 4 and 5, as amended, stood part of the Bill.

Clause 6

HON CHIEF MINISTER:

I think we ought to remind Members that this does not introduce the proposals that were enunciated apart from making it a minimum of £20,000 the progressive thing is not done because it will require a little longer to work out in the Schedule how it is going to work out but for the moment all that is happening is that you are just taking away the original £10,000 and starting at £20,000. Whenever it is enacted it will be retrospective, I presume, to the date that we are doing now because anybody, hopefully, dying shortly after this, hopefully not dying before, the estate will get the benefit.

MR SPEAKER:

You are extending the bands.

HON CHIEF MINISTER:

That will be altered later.

MR SPEAKER:

It is there, up to £200,000.

HON A J CANEPA:

Yes, but not progressive.

MR SPEAKER:

You are not scaling but you are extending the bands.

HON J BOSSANO:

We are, in fact, voting in favour of this because this is simply an improvement on the existing system. I think it needs to be said that we are not necessarily supporting the other idea until we see it.

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

Clauses 7 and 8 were agreed to and stood part of the Bill.

New Clause 8A

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On page 11, Mr Chairman, immediately under 'Income Tax Ordinance' I beg to move the following amendment: to insert the following new Clause which will be 8A, that is, before Clause 9 and this is as follows: "The definition of the word 'pension' contained in Section 2 of the Income Tax Ordinance is amended by omitting the semicolon at the end thereof and adding 'or any pension or other periodical benefits paid on the grounds of age or widowhood under the social security legislation of a Member State of the European Communities'".

HON J BOSSANO:

I would just like to place on record, Mr Chairman, that we appreciate the fact that the Government has reacted so quickly to the thing and put it in.

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

MR SPEAKER:

We are still under the Income Tax section of the Bill. There are, as you can all see, a fair amount of clauses amending the Income Tax Ordinance. Do you wish each Clause to be called separately or are you happy to have a package deal?

HON J BOSSANO:

Mr Chairman, I think Clause 9 which deals with the capital sums. I have made lengthy, according to the Hon and Learned the Chief Minister, too lengthy contributions on this subject on two occasions but I am not getting any answers.

MR SPEAKER:

Let us call Clause 9.

HON J BOSSANO:

Is the Government not going to try and answer any of the arguments that I have put? They are just voting it and that's it. I find it rather odd that a law should be brought to the House, that one should spend a lot of time trying to persuade the Government that they are making a mistake which the Government doesn't attempt to refute and they are just expecting to vote.

MR SPEAKER:

No, one is not expecting anything. I am just asking the way you want to proceed. Mr Clerk will you please call Clause 9 and see what happens.

Clause 9

HON J BOSSANO:

Nothing happens.

MR SPEAKER:

Does anyone wish to speak on Clause 9?

HON CHIEF MINISTER:

I think it would be fair to say that having regard to the consideration that was given to this, at this stage we are not minded to give way to the suggestion but I don't think that that need be the end of it to some extent and I will see that it is considered and I will make, in order not to have promises that are alleged never

complied with, sometimes they are not possible, I will make a considered statement at the next meeting of the House. If we were to give way to some extent, if not all, then we would bring an amending Ordinance. I don't think that in the marathon of a Budget meeting one can easily change the matter but, of course, Members can vote against it the same that we can make progress in others.

On a vote being taken on Clause 9 the following Hon Members voted in favour:

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

The following Hon Members voted against:

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

Clause 9 stood part of the Bill.

MR SPEAKER:

Are there any controversial matters on the next Clauses?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There is a point, Mr Chairman, arising on Clause 11.

MR SPEAKER:

Can we then call the next Clause.

Clauses 10 and 11

MR SPEAKER:

You wish to raise something on Clause 11.

HON J BOSSANO:

Clause 11 seems to talk again about capital sums not exceeding 25% of the pension. I don't know what Clause 10 was about, is Clause 11 about that as well?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think we had to find a way of amending the legislation, Mr Chairman, and in a sense it does seem to the layman to go about it in a rather odd way. First of all, you exempt and then you withdraw the exemption. Section 5 taxes and Section 7 exempts, this is the substantive Ordinance and you have to do it really in two ways, you tax and you exempt. The point I did want to draw the Hon Leader of the Opposition's attention to, I could have mentioned it actually in my reply at the end of the debate on the Appropriation Bill but I thought it would be better to leave it to the Committee Stage. In the proposed Clause 11, it says: "Section 7(1) of the Income Tax Ordinance is amended - in paragraph (j) thereof by inserting immediately after the word 'retiring' the following:- '(other than sums received in pursuance of a retirement benefit scheme)'". I think that is the answer to the point which he raised during the debate that he thought that paragraph (j) already exempted people from capital funds so I think he saw an inconsistency. We saw the inconsistency ourselves and so we are saying that any sums received in pursuance of a retirement benefit scheme is excluded from that particular section.

HON J BOSSANO:

So, in fact, what the Hon Member is saying is that with the amendment that they are bringing if employers who at the moment do not have pension funds decide to introduce retirement benefit schemes instead of pension funds they will not have to pay tax.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, it says: "Capital sums received by way of retirement, injury or death or gratuities".

HON J BOSSANO:

What does it say at the moment and what is it that this is doing?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There are two things, there is the benefit which one may receive as a lump sum from an approved scheme. We are here talking about what in common parlance is called a pension scheme or a provident fund. It has been approved by the Commissioner because he is satisfied that it meets all the rules which he lays down. Any retirement gratuity, that is, we are really talking about a lump sum paid under an approved scheme, in this particular clause is excluded. What wouldn't continue to be exempt from tax is the sort of injury or death gratuity and a retirement gratuity which is not funded and obviously if it is not funded and it is not approved and is not part of a scheme which is approved by the Commissioner, he doesn't get all the tax advantages.

HON J BOSSANO:

So that if, in fact, the lump sum payment on retirement if not funded it is not taxable and if it is funded it is taxable. That is what the Hon Member is saying.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If you get a retirement gratuity it is a retirement gratuity, that is to say, it is a lump sum, it is exempt from tax in the hands of the recipient, he doesn't have to pay tax on that.

HON J BOSSANO:

I know that that is the case, that is the point that I was making, Mr Chairman, before. Are we taxing those or are we not taxing those if you are saying, the statement made before where he talked about it being in lieu of a pension or something like that, I cannot remember the exact wording, it is not an easy thing to decipher with the different provisions in the different sections. I know the bit we are doing now.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The point of this particular exemption under (j) is for an employer who doesn't have an approved scheme, he will then give a retirement gratuity. But, of course, the tax treatment of that should be different. It hasn't been accumulated by contributions allowable for tax over a period of years. There is certainly a difference and I imagine that there would be quite a difference between the amount which an employer would be prepared to give by way of a gratuity in the circumstances I have just described and the amount which a properly funded scheme will give on the contributions which have been made for a number of years. That is the distinction.

HON J BOSSANO:

That is precisely what I explained before, Mr Chairman, when I was talking to the general principles that that is not the case, that is what I am saying. I gave an example in one specific instance where the benefits under the gratuity payable which is not funded, which is something like five weeks per year of service was higher than anything in any funded pension scheme even if you commute to 100%. The Government has defended this thing in terms of breach of fundamental principle to avoid tax and so forth, am I correct in saying that in the year in which the gratuity is paid that is a business expense which is tax deductible?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I had better take advice on that. Yes, the year in which it is paid it will be a tax deductible expense.

HON J BOSSANO:

So the position of the Government is that if, in fact, the employer has ten employees and gives them a gratuity as they retire then that is a tax deductible thing, they lose the tax revenue of the cost of that and the money in the hands of the recipient is not taxed and that is not avoiding any tax. However, if the employer puts a bit every year aside to achieve precisely that then it is a blatant breach of principle and it is taxed either in the hands of the employer or in the hands of the recipient. Have I understood the position correctly now?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Hon Member hasn't really understood the position correctly because I think you have got to make allowances for considerations of the extent. I would agree with him that if one had a situation where the lump sum retirement gratuity which is free of tax is and going to be the substantial feature of a pension scheme rather than the reverse then I think, obviously, one would have to think again about the tax rate. But what we are providing for is for the development which is bound to and, indeed, has taken place because the Commissioner has approved a substantial number of funded schemes and that is likely to continue and what we are looking at is the majority of the cases and it is really against that background that I made my comments in the Budget speech that this is really a breach of normal tax principles.

HON J BOSSANO:

Clause 10(i) deals with the business of the chartering of ships which we have not discussed. I think there is a point that I wanted to ask there, Mr Chairman, if I may. I forgot to raise it before as in trying to rush through my speech to please the Hon and Learned the Chief Minister I forgot to mention that bit, Mr Chairman. Have I understood correctly that we are now exempting from the payment of tax the income of people who are not resident in Gibraltar and who own ships registered in Gibraltar and that previously they were taxable? I understood that correctly? Can the Hon Member then tell me from what date are we doing this?

HON ATTORNEY-GENERAL:

1st May, 1987.

HON J BOSSANO:

1st May, 1987. Does that mean that the Government will be collecting tax from these people until May, 1987?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I understand that if there were any such individuals they would be taxed in this year. But I think the point of the Member is that there aren't because they are not registered here, they wouldn't register here, they might have a tax exempt company but they would not register here because that would automatically disqualify them so they are registered elsewhere. They can have a tax exempt company but they cannot have a tax exempt company and register the ship here at the moment so there aren't any.

HON J BOSSANO:

You are saying that the tax exempt companies registered in Gibraltar cannot own ships registered in Gibraltar?

HON CHIEF MINISTER:

Yes, but it does not normally.

HON J BOSSANO:

That is what the Hon Member has just said. Is that what he is really saying? I just want to know what the facts are, Mr Chairman, they will find out the implications when they have told me the facts.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I may possibly have misled the House, Mr Chairman, by my reference to tax exempt companies. A non-resident owner whether he has formed a tax exempt company is really immaterial, is discouraged and that is the purpose of the amendment. A non-resident owner of ships.....

MR SPEAKER:

Not an exempt company.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is to encourage him to register here.

MR SPEAKER:

To be able, I think I might explain, to be able not to have to pay tax on a ship which is registered in Gibraltar it has got to be owned by an exempt company. A ship registered in Gibraltar by the fact that it is registered in Gibraltar would attract income tax unless the owner is not resident.

HON J BOSSANO:

That is exactly the opposite of what we have been told.

HON CHIEF MINISTER:

Unless the owner is not resident.

HON J BOSSANO:

If it is unless the owner is not resident that is now exactly the opposite of what the Hon Financial and Development Secretary has just said. He has just said that the non-resident owner pays tax at the moment and that they are changing the law so that he won't have to pay tax.

HON CHIEF MINISTER:

He is liable to tax, he doesn't pay because you cannot get hold of them.

HON J BOSSANO:

He is liable to tax. In fact, all the non-resident owners of all the ships registered in Gibraltar currently are liable to tax except exempt companies?

HON CHIEF MINISTER:

I think the sum total of it is that it is of no use having a tax on people you cannot impose it on.

On a vote being taken on Clause 10 the following Hon Members voted in favour:

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

The following Hon Members voted against:

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

Clause 10 stood part of the Bill.

MR SPEAKER:

We did discuss ad nauseam, I think, Clause 11 so we will take a vote.

On a vote being taken on Clause 11 the following Hon Members voted in favour:

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

The following Hon Members voted against:

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

Clause 11 stood part of the Bill.

HON M K FEATHERSTONE:

Do the Opposition realise that they are voting against the increase in tax free allowance for money invested in building societies?

HON J BOSSANO:

We are in favour of that, Mr Chairman.

MR SPEAKER:

I am afraid that you cannot do that unless you can bring an amendment which is going to be carried, you cannot vote for half of a Clause.

HON J BOSSANO:

When we are in Government next year we will provide separate provision for that and that will correct the situation.

Clause 12

HON J BOSSANO:

What is Clause 12 doing?

HON ATTORNEY-GENERAL:

If you follow the explanatory memorandum at the end of the Bill you will see that this is connected with the pension scheme changes so you should vote, strictly speaking, against Clauses 9, 11(i) and (ii), 12 and 22 (in part).

HON J BOSSANO:

I am grateful for that advice. Then we are voting as recommended by the Hon and Learned the Attorney-General.

On a vote being taken on Clause 12 the following Hon Members voted in favour:

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

The following Hon Members voted against:

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

Clause 12 stood part of the Bill.

Clause 13

HON J BOSSANO:

We are not in favour, Mr Chairman, of Clause 13 at this stage.

MR SPEAKER:

You were last year.

HON J BOSSANO:

I know but the Hon Member has come along now and he is taking 100% depreciation in the first year, is that what he is doing?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, on the contrary, withdrawing the 100%.

MR SPEAKER:

Withdrawing the 100% and making it a yearly depreciation.

HON J BOSSANO:

That is right, yes. Again, this is, I think, the similar argument to that of the development aid where, quite frankly, at this stage we are not totally convinced that a case has been made. We are not sure what effect this will have.

On a vote being taken on Clause 13 the following Hon Members voted in favour:

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

The following Hon Members abstained:

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

Clause 13 stood part of the Bill.

Clauses 14 to 21 were agreed to and stood part of the Bill.

Clause 22

On a vote being taken on Clause 22 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 Peetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Clause 22 stood part of the Bill.

Clauses 23 to 27 were agreed to and stood part of the Bill.

Clauses 28 and 29

HON J C PEREZ:

Mr Chairman, may I raise at this stage before we end the Committee Stage of this Bill, a measure which was announced by the Government but which does not come through Committee Stage because it has been changed in Regulations and that is the question of the increase in duty and the transferability of the GG plates. Am I allowed to raise this at this stage, Mr Chairman?

MR SPEAKER:

It is as good a time as any and there is no reason why you shouldn't.

HON J C PEREZ:

In private conversation with the Hon the Financial and Development Secretary I have been told that perhaps one of the reasons for introducing both these measures was that the trade affected had actually made representations to this effect. Mr Chairman, my information is that the trade affected is against the measures announced and if the reasoning behind it is because the trade have actually asked for this to be done, then perhaps there has been a misunderstanding and this is not the case. If the intention is to satisfy the trade then they are not fulfilling that by passing those measures and perhaps if there are other reasons for the measures, perhaps the Government might be able to explain what those other reasons are.

HON A J CANEPA:

I can explain the position. The bulk of the measures that have been brought to the House in the Finance Bill to do with lowering the duty on motorcars, spares and so on, are a result of representations from the motor trade. The motor trade did not represent to the Government that the drawback on the GG plates should be increased from 2% to 5%. The Government decided that the business was such that it could take it without being a disincentive but that was not represented to us, to set the record straight. In fact, perhaps I should also add that it has been represented to us also by the motor trade that we should not increase it from 2% to 5% in respect of vehicles that are sold without being registered and we have accepted the point and therefore when Regulations follow we are going to draw the distinction that with regard to vehicles which are not registered the drawback will remain at 2% but in the case of the GG plates they are going up from 2% to 5%.

Clauses 28 and 29. were agreed to and stood part of the Bill.

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

MR SPEAKER:

Having done the Committee Stage of the Finance Bill we shall now recess for about half an hour for tea.

The House recessed at 5.25 pm.

The House resumed at 5.55 pm.

THE APPROPRIATION (1987/88) BILL, 1987

MR SPEAKER:

We will now continue with the Committee Stage of the Appropriation Bill.

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

Schedule

Part I - Consolidated Fund

Head 1 - Audit

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, could I have a breakdown of the printing and stationery to find out how much the £500 is?

Other Charges was agreed to.

Head 1 - Audit was agreed to.

Head 2 - Crown Lands

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Could I just ask, Mr Chairman, is the Financial Secretary going to be able to give me any reply on the point that I raised about the total cost of the industrials? I said that the explanation he had given previously was one that I was not happy with and the total cost, I mean we make the point in any Head because there are wages in a number of Heads but the total cost he told me in writing or in answer to a question in the House I think it was, that in fact £11.8m had been provided in the approved estimate of expenditure and that the outturn was now expected to be £11.3m. What I want to know is if in the forecast outturn column that we have got of other charges, if in there the sum total is the £11.3m that he told me and the figure in the estimates for 1987/88 and whether the figure for the estimate for 1987/88 is based on the £11.8m that was put last year or on the outturn of £11.3?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have written to the Hon Member about this, has he received my most recent letter with what I might call a guesstimate, I think in my letter to him I called it, for 1987/88? I cannot really add to what I said in that letter at this stage, Mr Chairman.

HON J BOSSANO:

Mr Chairman, I am afraid that that is not acceptable because precisely what I thought was an estimate until this year, the Hon Member has now told me is a guesstimate which goes to the Council of Ministers and which is changed by the Council of Ministers. I want to know what we are voting.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Chairman, if the Hon Member will give way. It doesn't go to Council of Ministers. What I explained in my letter to him was that, and I think quite clearly actually not quite clearly quite possibly we shouldn't have attempted to provide the information, I think very often one tries to be helpful on the basis of information which is not readily available. There is no problem with the non-industrial staff because they are salaries and allowances but there are difficulties with the industrials of actually extracting the information which the Hon Member has asked for and I explained in my recent letter to him what the imperfections in the system of making an estimate were. I must admit that I haven't myself fully appreciated it in earlier years when this information was passed to him which was an estimate of the breakdown of industrial pay. I haven't fully appreciated myself how the information is obtained. When it was explained to me I realised that the information could by no stretch of the imagination be called an estimate in the sense here, it was a guesstimate. It was made available with the best of intentions. I am sorry if he finds it unacceptable or I am sorry he finds my explanation unacceptable but that is the explanation and I cannot improve on it nor can I improve on the information.

HON J BOSSANO:

Mr Chairman, the Hon Member is again wrong in the explanation that he has given and that is why I find it unacceptable and the Hon Member is not, in fact, giving me anything out of the generosity of his heart. He is giving me information that I have now had for four years and before he arrived on the scene every year and I cannot get him to give it to me in this House because I am voting the money and, if necessary, I can stop him in every vote under Other Charges and say: 'I want to know how much of the Other Charges is wages' and then I will add all the wages. Let's be clear. The House of Assembly appropriates funds, I am entitled before I vote to ask for explanations. He is not doing me any favours, he is doing his job. I asked him for the explanation before and the explanation that he gave me was that the figure that was in there would not necessarily be the figure at the end of the year because there was a discrepancy of £1m. I have already told him this in my original submission to give him time to think about it and give me an answer. I have checked whether what he told me was true and it isn't true, there hasn't been a discrepancy of £1m ever before, I have checked. The final figure in previous years is higher than the guesstimate. If I get guesstimates for three years running and final figures that are higher and this year I get a final year of £1m lower, I am entitled to ask why and I am entitled to ask how much money he has included in this vote. If he is telling me now that what

he said to me in the letter is what is included in these votes, fine, we will put that on the record and then if he has got that wrong he will no doubt wish to stand up and say and that he is sorry he misled the House. If that is what he is telling me now that the figure that he gave me which I think was £12.6m, he is telling me that the £12.6m are being appropriated by us in this Appropriation Bill, that is what he has just told me. If he will confirm that that is the case I will accept it and then I will ask him to look into whether the £12.6m is based on the £11.8m or whether it is based on the £11.3m. Can he confirm that the figure that he told me before was a guesstimate is actually being voted by us here?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I am not confirming anything of the sort nor am I going to stand here and be told what I have to do by the Leader of the Opposition.

HON J BOSSANO:

Then, Mr Chairman, I would like to know how much money there is for wages under Other Charges as we come to each Head and if we have to come back on Monday we will come back on Monday. I believe that I am entitled to that information and I will not have.....

MR SPEAKER:

You are entitled to ask.

HON J BOSSANO:

Certainly, and if I have to ask on every single Head, on every single subject and on every single item I will do it. We are abstaining on Other Charges until we get the information we need, Mr Chairman, because we don't know what money we are voting.

On a vote being taken on Other Charges the following Hon Members voted in favour:

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

The following Hon Members abstained:

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

Other Charges was passed.

Head 2 was agreed to.

Head 3 - Customs

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, can I ask the Hon Member whether the £31,000 in Other Charges is the only amount provided under that Head for wages or whether there is any other element for wages of industrial workers under any of the other items under Other Charges?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It will take a little while for the information to be extracted, Mr Chairman.

MR SPEAKER:

Well, that is information which can be given at a later stage.

HON J BOSSANO:

Mr Chairman, I have already offered the Hon Member the opportunity of simply confirming that the information he has given me in writing prior to this meeting to which he says he cannot add anything is, in fact, the figure included. If he tells me that that is the case then I don't need to get it myself under each Head and add it up. He won't tell me that that is the case. Maybe he doesn't know.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, let me put it this way. I did explain to the Hon Member in correspondence I had with him that the breakdown which I provided him with was based on, it was taken from the departmental estimates which were then subjected to scrutiny by Council of Ministers as part of the annual process of scrutiny. I have explained that and I said therefore for that reason and various other reasons which I explained, one would expect that there would be a difference between the amount provided in the estimates and the outturn for the year. That is what I explained.

HON J BOSSANO:

And what I am saying, Mr Chairman, that having had that explanation from him, I was told in 1984/85 that the estimate or guesstimate was £9.1m, the outturn is £9.6m which is £0.5m more. I was told in 1985/86 that the guesstimate was £9.9m and the outturn was £10.2m which is £0.3m more and this year I was told first that the guesstimate was £12m, then that the figure in the approved estimates in answer to Question No.87, was £11.8m and finally that the outturn will be £11.3m. If I have asked in Question No.87 something and we are coming to vote the money, I believe I am entitled to follow up this question and ask him is the £11.3m which he told me in Question No.87 the figure included in the forecast outturn for 1986/87 and is the figure that he gave me of £12,606,000 the figure included in the estimate that we are now approving, the one we are now appropriating? Is the figure there £12,606,000 which is the figure he gave me in his letter? If it isn't then I would like to know what the figure is.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I haven't got the letter which I sent to him or indeed the information in front of me, Mr Chairman. All I could do is reply in general terms by explaining what happens to the estimates. I am sorry I haven't got that particular letter in front of me. If I can be allowed to see a copy of it I may be able to add something to what I have already said but for the moment I cannot.

HON J BOSSANO:

Mr Chairman, I can give the Hon Member a copy of the letter the moment I find it amongst everything else that I keep that he sends me or says, it is here somewhere. But the point that I am making is the letter that he has given me is in conflict with the facts as I have provided by him in previous years.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am surprised at that.

HON J BOSSANO:

But that is a separate matter which we can pursue after this Budget, there is no need to pursue that matter now. What I am asking now is, I asked him in Question No.87 - forget the letter - in Question No.87 I asked him whether he could confirm that the money provided in the estimates in last year's Budget had not been spent. The answer was yes, that we provided last year £11.8m and that we spent £11.3m. I am now asking him is the figure £11.3m the figure that is included in the forecast outturn for 1986/87, for example, in the summary of expenditure, that is to say, in page 16 in the second column there is a forecast outturn for the year of £72m. Is the figure for wages in that £72m the £11.3m that he gave me in answer to Question No.87, nothing to do with the letter.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I now understand. I am sorry I cannot answer that with the precision which the Hon Member would like at this stage, Mr Chairman, I will have to look into that. Now I understand what it is he wants.

HON J BOSSANO:

Can he answer what the figure is that we are providing now for 1987/88?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

A total figure?

HON J BOSSANO:

The total figure, yes.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I don't think we can as of now provide him with a figure which relates precisely to the estimates. What I did provide him was, as I have explained, a figure based on a sort of an earlier stage of estimates before the final scrutiny by Ministers. That was our best estimate at that stage. We will have to look at it again to try and provide a more refined total figure.

HON A J CANEPA:

One of the main problems, Mr Chairman, arises in an item, for instance, on page 28, Head 3 - Customs, such as minor works. If the House is asked to vote £35,000 the Treasury doesn't have at this stage, they don't know how much of that is wages. You can use the normal rule of thumb that in any works it is two to one wages as against material or 60% wages and 40% materials but that is a rule of thumb. To that extent it is a guesstimate, I wouldn't describe it as a guesstimate, I think it is an estimate if that rule of 60%/40% bears general applicability. But that is a problem for the Treasury that the figure of £35,000 they cannot break it down for you, they have to go back to the Public Works Department.

HON J BOSSANO:

Mr Chairman, I don't want to be given a breakdown of each figure in each item. I am asking for an overall figure, period.

HON A J CANEPA:

They have got to carry out a breakdown. I know the Hon Member is not asking for it but in order to arrive at the figure that he is asking for, in fact, there has to be a breakdown carried out.

HON J BOSSANO:

Could I just explain something, Mr Chairman? If I was given in Question No.87 a figure of £11.8m, I am not talking about being given the figure in hundreds or in thousands but in hundreds of thousands.

HON A J CANEPA:

The reason for that figure, the apparent discrepancy between £11.8m and £11.3m can arise - I am not saying that it did - but a possibility is the following. When the departments ask the Public Works Department to cost for them the non-recurrent works that they want to be carried out and the total sum of the various submissions of the departments could be, say, £1m and then the Public Works Department advises Ministers: 'We cannot do £1m, this is not on. We haven't got the technical staff or the labour to do it or the capacity doesn't exist and what can be done is, let us say, £400,000'. Then Ministers take that policy decision and the departments get £400,000 to be allocated amongst them. There is £600,000 that has been reduced. The figure that I think the Treasury gave the Hon Member when it was £11.8m was at the stage of draft estimates submitted by all the departments including

the element of Public Works Annually Non-Recurrent emanating from the various departments. Then, of course, if there has been such a cut made for the reasons that I have given that could account for a discrepancy down to about £11.3m.

HON J BOSSANO:

I don't know whether the Hon Member is aware that what I am talking about is not a figure given to me by the Treasury, it is a figure given to me in answer to Question No.87 in 1987 in the House which effectively said that the amount appropriated in the Budget was £11.8m.

HON CHIEF MINISTER:

You have four days notice, the question goes to the department, they collate the information, they pass it on to the Treasury and it was given to you because they had to prepare it and that is why you require time for questions. What they give you is what you ask. You ask a question and they take the material from the different departments and give you a figure. Whether that one is right or wrong it is certainly well meant at the time that it is given but it is very difficult now for the Financial Secretary and for me to try and extract from these estimates elements of wages and elements of material and getting out all the items in which wages have been involved.

HON J BOSSANO:

Has the Hon Member any idea then how far or how close to the guesstimate that he gave me in writing the amount put in the Appropriation Bill is? He gave me a figure of £12.6m, Mr Chairman, as the amount included for wages in this Budget, that's the figure he gave me, but he warned me that that figure was a guesstimate and that the eventual result would be different. Fine, I accept that the eventual result at the end of the year could be different. What I am asking is in this Budget where we are voting a total of £69.8m is the amount out of that £69m for wages £12.6m or is it another figure, can I get an answer?

MR SPEAKER:

The answer you have been given is they haven't got a clue.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, I wouldn't say we haven't got a clue.

MR SPEAKER:

No, in fairness, due to the reasons that have been explained.

HON CHIEF MINISTER:

He might as well ask how many envelopes are going to be purchased out of stationery? How do you know?

HON J BOSSANO:

No, Mr Chairman, but I could ask is the Government going to spend £12m in envelopes or £11m in envelopes? Give or take £1m, how much is the wage bill this year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Clearly, I would not think, I may have to eat my words and I would be quite prepared to do it, but I would not think that the difference we are talking about is more than £1m. I am talking now about the difference between the two estimates, that is to say, the estimate which I gave in the letter I sent to the Hon Member and what the figure might be after proper scrutiny. I would say that we have to see what decisions taken during this scrutiny have affected wages, that might give us a lower figure, I would think, perhaps, of £200,000 or £300,000. I would not think it is necessarily going to be a reliable indication of what is spent during the year because other things can change and like the Minister has explained you can have a difference split between.....

HON J BOSSANO:

I am not asking what will eventually be spent. I am asking, quite legitimately I think in the Appropriation Bill and I gave notice of this in the general principles of the Bill, how much money are we now providing in this Bill that we are voting, do we know how much money we are providing for wages? If we don't know then perhaps the Hon Member can let me know as soon as he finds out.

MR SPEAKER:

That is what I have been trying to say for a long time, in due course the information will be available.

Other Charges was passed.

Head 3 - Customs was agreed to.

Head 4 - Education

Personal Emoluments was agreed to.

Other Charges

HON R MOR:

Mr Chairman, under Subhead 5, Books and Equipment. In my earlier contribution I raised the matter about the B/TEC courses in the College of Further Education. The Minister did not supply an accurate figure of what they are intending to spend on that. What is the figure to be spent on B/TEC courses in the College of Further Education?

HON G MASCARENHAS:

Does the Hon Member want to know the specific amount earmarked for the College of Further Education on its own?

HON R MOR:

Yes.

HON G MASCARENHAS:

That is aside from the £55,000 in the I&D Fund? Mr Chairman, I believe it is £39,000 but I will confirm that figure. That is the recurrent books and equipment capitation for the College of Further Education, the £50,000 is in addition to that but I will confirm that figure to the Hon Member.

HON R MOR:

Mr Chairman, in earlier debates and questions in this House there was specific reference made to the amount which would be required to be able to provide B/TEC courses for the College of Further Education. At the time we were talking about a figure of £100,000 and the Minister, in fact, said that it would probably be more than that. I can see in these estimates that £50,000 are being provided and the Hon Member is now saying that about £39,000 is put towards that school and not for the specific B/TEC courses. Is the Hon Member now saying that he knows what exactly is the amount required for providing B/TEC courses?

HON G MASCARENHAS:

Mr Chairman, I think that the figures quoted by the Hon Member, this is not a sum that has been identified by B/TEC. In a recent visit by the two inspectors no sums were ever mentioned, they just mentioned that the College needed some input of new equipment but that this could be done in a period of three to four years and no sum

was identified. We are providing £39,000 in recurrent expenditure and £50,000 under special expenditure included in the I&D Fund, that is £89,000 for this year. It may well follow that next year we will do the same exercise.

Other Charges was agreed to.

Head 4 - Education was agreed to.

Head 5 - Electricity Undertaking

Personal Emoluments was passed.

Other Charges

HON J BOSSANO:

The increased cost in fuel which I mentioned earlier, it is in Subheads 4 and 8. I assume we are talking about price of fuel and not volume of fuel because the £1m is reflected in the Funded Accounts as an increase in the FCA. I find it rather odd that we should have provided a lower sum in last year's Budget, that the outturn should be well below the sum we provided and here we are expecting the price to be higher this year than it was at this time in 1986/87?

HON J B PEREZ:

Yes, but if there is a reduction obviously the FCA would be activated and there would be a reduction.

HON J C PEREZ:

Mr Chairman, since the Hon Financial and Development Secretary in his contribution to the Finance Bill said, in fact, that municipal charges had been reduced by 16%, by how much is he forecasting that electricity charges are to increase in this financial year considering the expense of fuel that is to be passed on to the consumer through the fuel cost adjustment formula?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I haven't got such a forecast. I don't know whether the Minister has.

HON J C PEREZ:

I presume that in forecasting the increase in fuel one is forecasting an average of the increase in electricity charged.

HON J B PEREZ:

Coming back to the point that was made before. The way the estimates have been worked out by the department is that we have taken the price at the rate on the 15th February of this year, that is what we have done. There is no other way of doing it because you have the FCA, if you didn't have the FCA it is different.

Other Charges was passed.

Head 5 - Electricity Undertaking was agreed to.

Head 6 - Establishment

Personal Emoluments

HON J BOSSANO:

I notice there are some small additions to the Establishment Division being made, an EO and an AO. Is this the result of the staff inspection that was carried out of the Establishment and Management Services?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I believe so, Mr Chairman.

Personal Emoluments was passed.

Other Charges was agreed to.

Special Expenditure

HON J BOSSANO:

Mr Chairman, under Special Expenditure in Establishment it has Pensions Legislation Consultancy - £1,000. Is this to do with the Unified Pension Scheme?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, it is, Mr Chairman.

HON J BOSSANO:

Are we paying for something that they did before or is it that the Government is still pursuing the matter?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

These are the services for Mr McNeil who is a UK Pensions Adviser who comes out and advises on this.

HON J BOSSANO:

I know what it is, I mentioned it I think in a highly critical fashion, if the Hon Member remembers anything I say, when I spoke on the general principles but my impression was that the Unified Pension Scheme had now been given up. I am asking whether we are voting money for this coming year because it has not been given up or we are voting money because we owe him for work he has done in the past? I don't want to hold up the work of the House, perhaps they will let me know when they are able to.

MR SPEAKER:

Anyway, the information can be given at a later stage, perhaps, or personally to the Leader of the Opposition.

Special Expenditure was passed.

Head 6 - Establishment was agreed to.

Head 7 - Fire Service was agreed to.

Head 8 - General Division

Personal Emoluments was agreed to.

Other Charges

HON CHIEF MINISTER:

You want to know about Item 11.

HON J BOSSANO:

Yes.

HON CHIEF MINISTER:

Mr Chairman, as Members are aware I announced at the time of the retirement of Mr Pitaluga that his services would be retained for advising on foreign affairs on a month-to-month basis. At the time the Hon Leader of the Opposition made a statement objecting to it though he said that the level of remuneration was not a matter for consideration. Anyhow, I ought to say now how the

thing has worked. First of all, let me say that this is not an isolated item of consultancies. If Hon Members look at Head 5, page 35, of the Estimates, in the Electricity Undertaking you will see that there is a provision there for consultancy, consultancy service, and if you look at page 85, Head 22 - Telephone Service, Item 12 - Telephone Advisory Service, there is a nominal figure there in case it is required. And if you look at Head 25 - Treasury, Item 16, at page 94, we see Insurance Supervision: Consultancy - £6,000. So that the provision there for consultancy is nothing new, you may not like the way it is done but it is nothing new.

HON J BOSSANO:

Can the Hon Member tell me in how many of these votes that he has mentioned we have people who have retired from the public service on a full pension at 55?

HON CHIEF MINISTER:

No, it has nothing to do with it as far as we are concerned and I said so before and I say so now. But I think perhaps Hon Members will want to know how the thing has worked. If they are interested I will tell them.

HON J BOSSANO:

We are going to vote against the money, Mr Chairman.

HON CHIEF MINISTER:

Then you just vote against it and that's all.

HON J BOSSANO:

One thing that I would like to ask him is, is the £9,000 that we are voting for the advice that the Chief Minister is going to get from Mr Pitaluga in the next twelve months or for the advice that he has had up to date?

HON CHIEF MINISTER:

That is what I was going to do, I was going to give you an account of what has happened because I think £9,000 is too much money but you never know whether there will be a crisis and we would need him working twenty-four hours a day. But let me say what the arrangements are because I think it is in the public interest. As the matter was raised publicly let me say what the arrangements are and that is that he worked on an hourly basis and the rate of remuneration for his hourly basis consultancy is the same as that we pay to the consultant draughtsman

at £20 an hour. This has been going on since the 1st December. From the 1st December, 1986, to the 31st March, 1987, the amount paid, before tax, of course, is £1,220. That is to say, the total number of hours recorded by him on the particular system has come up to that. The payment for that money was made out of a reallocation which was tabled here on the 24th March of this year where the Financial and Development Secretary reallocated the amount from general expenses, it is Schedule No. 7 of 1986/87, there was a reallocation of £1,200 because it did not come out of salaries, it came out of general expenses. In fact, the amount paid in respect of the months of December, January, February and March is £1,220 which averages about £305 per month before tax. At this rate the amount required over a twelve month period would be about £3,700 or £4,000 but it is not possible to predict how it is. The basis on which it is done which has been cleared with the Auditor and everybody concerned, is that he makes a monthly statement of the hours and the subject on which he has given advice and I certify that to be correct and then on the basis of that it is assessed - the amount of money has nothing to do with me - it is assessed by the Establishment and it is passed on to the Treasury. The system is working like any other consultancy that would work and I am perfectly satisfied with the results.

HON J BOSSANO:

Is he provided with a printing press or just a telephone, Mr Chairman? Does he have a printing press to print £20 notes or just a telephone to say 'I am talking to the Chief Minister for an hour and I get paid £20'?

HON CHIEF MINISTER:

People in that category, first of all, do not have to clock in or clock out, perhaps they provide many more hours than they account for. I can tell you that I was very agreeably surprised how few hours are provided. Let me give you an example. When he came to London for the visit to the Secretary of State, because he happened to be there at the same time on his own he charged for the hours that he had spent in the meeting with the Secretary of State and so on, he didn't charge for hours being spent outside Gibraltar for his work. But in any case, as far as I could understand it at the time that the objection was made, the question of payment was no consideration so it is no use saying whether he charges for making a telephone call, I don't think anybody of that standard would lower himself to that extent.

HON J BOSSANO:

I would only remind the Hon Member that he or his Government or somebody there decided to bring somebody to be the Chairman of the Steering Committee who presumably must have been of this standard because that is the kind of money he was charging, who used to have a permanent suite in the Rock Hotel and cost the taxpayer £1m.

HON A J CANEPA:

What you haven't said is what the Industrial Society did subsequently when the matter was brought to their attention.

HON J BOSSANO:

I am not aware of what the Industrial Society did subsequently. All I know is that we voted the money here, Mr Chairman, we will never get it back.

Mr Speaker then put the question and on a vote being taken on Subhead 11 - External Affairs - Advisory Service, 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

Other Charges was passed.

Special Expenditure was agreed to.

Head 8 was agreed to.

Head 9 - Governor's Office was agreed to.

Head 10 - House of Assembly

Personal Emoluments

HON J BOSSANO:

Mr Chairman, we are not, in fact, voting in favour of this vote. There has been correspondence between yourself, Mr Speaker, and the Deputy Governor about what is the proper grading for the post of Clerk of the House and we have ourselves expressed strong support for the view put forward by Mr Pring who looked at the situation. Our understanding of it is that the Government shares our view that the post is incorrectly graded, I have written to the Chief Minister on the subject and therefore as far as I am concerned in order to emphasise that point, to draw attention to it, we are abstaining on this vote because we think it cannot simply be allowed to continue in the grading that it is for another year which is effectively what we are voting. I suppose if we have the two officials voting in favour and the rest abstaining we will still get paid. I invite the Hon Members opposite who are elected to join us in abstaining.

HON CHIEF MINISTER:

Mr Chairman, I think we ought to take a much more serious view of this matter than abstaining. If we agreed to the proposal, however well intentioned we may be, we would be depriving the Treasury from paying the Clerk his emoluments.

HON J BOSSANO:

No, Mr Chairman, I have just told them how to do it. If the Hon and Learned the Chief Minister shares the concern of the Opposition and wants to make a serious and strong protest about this then the two non-elected Members of the House can vote in favour, the rest of the elected Members can abstain as a sign of protest and the Clerk will still get paid.

HON CHIEF MINISTER:

First of all, the matter has not been finally disposed of and though - and I would like to make this clear - though I take a certain sympathetic view, the Government have got a bit more restraint on these matters for obvious reasons in respect of the general service than Members opposite can have but I can assure Members that the matter is having a fresh look in that direction.

MR SPEAKER:

I would like to say, perhaps, because I am to a large extent involved in this particular matter, that representations were made and have been made in writing to the Establishment and there has been correspondence and the matter is still being considered and, as a matter of fact, it is subject to a reply from me to a letter which I have received which I consider to be not satisfactory and I have hopes that on the further representations which I intend to make the matter will be further considered.

HON J BOSSANO:

Those are very familiar words, Mr Chairman, 'the matter is being considered', we can all be in the next world while it is still being considered.

MR SPEAKER:

I have hope that it will be further considered.

HON J BOSSANO:

As far as we are concerned we feel very strongly, we have chosen to make a point of it here because we want that message to get back and, as I say, we are abstaining for that reason, obviously not because we do not want the Clerk to get paid his emoluments but because we don't think he is getting paid enough.

HON CHIEF MINISTER:

I would not want this House to spend one penny of public expenditure on the votes of the Financial Secretary and the Attorney-General alone.

HON J BOSSANO:

If that is the case, Mr Chairman, I am astonished that when the Hon Member brought here a Bill to create a salary for the so-called Deputy Chief Minister which didn't exist until then, he allowed that vote to be carried in this House of Assembly with the votes of the Attorney-General and the Financial Secretary.

HON CHIEF MINISTER:

And our votes, we were voting.

HON J BOSSANO:

With their votes alone, Mr Chairman, the Bill would have been lost because it was a motion and there were equal votes because Mr Canepa as the affected party abstained and it was carried with the two votes of the two officials so I am surprised that he doesn't want to see it done for the Clerk but he didn't mind seeing it done for the Deputy.

HON CHIEF MINISTER:

No, it is a completely different concept. What I said was that I would not like one penny of expenditure to be allowed with the votes of two official Members only. That proposal had the vote of seven elected Members and the two official Members, that is a different thing.

MR SPEAKER:

Anyway, the matter has been ventilated enough and I will put the Personal Emoluments to the vote.

On a vote being taken on Personal Emoluments 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

Personal Emoluments was passed.

Head 10 - House of Assembly was agreed to.

Head 11 - Housing

Personal Emoluments was passed.

Other Charges

HON J BOSSANO:

On the rates, Mr Chairman, under Other Charges and while I am talking of the rates, on the estimates of rents in the Housing Fund has any assumption been made that any sales of Government houses are going to take place?

HON M K FEATHERSTONE:

No, Sir.

HON J BOSSANO:

Does the Government then think that it is a reasonable proposition to show in the Estimates of Expenditure and Revenue the income from selling the houses and the rates from the houses that have been sold in the same financial year as if the sale had not taken place, surely, that is not an accurate presentation of the facts? If the Government is assuming a certain level of sales then they must assume a certain loss of revenue from that level of sales and they show both things.

MR SPEAKER:

Are you talking about rates?

HON J BOSSANO:

No, I am talking about rates because the rate assessment on Government housing will be lower than what we are voting.

HON CHIEF MINISTER:

No, they will still pay rates.

HON J BOSSANO:

The owner/occupier will pay the rates not the Government.

HON CHIEF MINISTER:

And now it is paid.

HON J BOSSANO:

No, we are voting here for the payment of rates in respect of Government housing. The rent is then collected by the Housing Department from the tenants as part of the rates. If the house is sold the tenant doesn't pay the rent because he is not a tenant, he pays his rates quarterly in advance as an owner so therefore the figure that we are providing for rates assumes that no houses are going to be sold and the estimates of rents in the income and expenditure and the figure of the housing subsidy that we provided at the revised figure on page 5 that we have been given by the Hon Financial and Development Secretary are all misleading, I regret to say, because in fact they are assuming two contradictory positions. They are assuming that houses will be sold and there will be an income of £1.3m in the Improvement and Development Fund which we are going to vote to spend and they are also assuming that houses will not be sold and that there will be an income from rents which will go into the Consolidated Fund so we are showing money going into the Consolidated Fund and money going into the Improvement and Development Fund as revenue which cannot possibly be the case because if one is sold then the rent disappears and if the rent is there then the houses will not be sold. I would have thought that the logical thing would be that if you are saying 'I am assuming that the houses are going to be sold in such and such a date and that so many houses are going to be sold and I am estimating the money that I am going to get from the sale, I will also estimate the money I am going to lose from the rates in terms of the Housing Fund and the money I am going to lose from the rents and therefore I will recalculate what the subsidy is and I will appropriate accordingly' because, in fact, the result of total liquidity which is so close to the heart of the Hon Financial and Development Secretary as we will continue to find out throughout 1987/88, Mr Chairman, will be lower than anticipated by him on the basis of the revised page 5 which he has circulated to the House today. It cannot possibly, I am sure he must admit, it cannot possibly be true that in 1987 he is going to receive rents for 52 weeks for all the houses that he will sell. Mr Chairman, does the Government not accept that if they are selling a house and they are estimating revenue and they are showing that revenue in the Improvement and Development Fund as income they should stop the flow of income from the rent of that house in order to be accurate and that not to do it is misleading?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Hon Member is now aware of the point, I accept the logic of what he says as I very often do. These are estimates, there is no way in which we can say, let us take a hypothetical situation. If all the houses were sold at

the very end of the year, we wouldn't have lost, I don't think so, we wouldn't have lost the money which has been included in Housing or we would have lost very little, in fact, the minimum. What I did say and I didn't make any pretence about this in my Budget speech is that it is difficult to estimate, I put the uncertainty, perhaps I can express it this way, I put the uncertainty over the actual sale of houses but I accept the logic of what the Hon Member has said, I certainly don't think it is going to cause serious damage to the Government's returns on its liquidity.

HON J BOSSANO:

Nothing seems to cause serious damage to the Government, Mr Chairman.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I know, the facts speak for themselves, I keep telling the Hon Member.

HON J BOSSANO:

And, in fact, if it did, we just change the rules, it is quite simple.

HON R MOR:

Mr Chairman, earlier on in the debate I raised the matter of rent relief because of the fact that the Government had promised to introduce legislation to allow rent relief for private tenants. The Hon Minister for Housing said that the amount required in this respect would be negligible. Could he give us an idea of how much does the Government think they are going to give in rent relief to private tenants?

HON M K FEATHERSTONE:

The breakdown that I have here is £153,000 for Government tenants and £7,000 for private tenants.

HON J L BALDACHINO:

Mr Chairman, under Subhead 13 - Minor Works, this is something that was introduced for the first time last year. Can the Hon Member explain if all the money was spent on minor works, did the department carry them out or does it also include money that some tenants are given when houses are allocated to social cases?

HON M K FEATHERSTONE:

Yes, Sir, most of the money has been spent. Some of it is actually materials which are given to people to do the work themselves.

HON J L BALDACHINO:

Seeing that he is now estimating for the same amount, does he think that is sufficient or would he like to see some more money under that Head?

HON M K FEATHERSTONE:

Well, I would always like to have more, I think this is sufficient for the time being but if we need more I will come to the House for it.

Other Charges was passed.

Head 11 - Housing was agreed to.

Head 12 - Income Tax Office was agreed to.

Head 13 - Judicial was agreed to.

Head 14 - Labour and Social Security

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, were we not going to get at this stage from the Minister the breakdown of the supplementary benefits?

HON DR R G VALARINO:

Supplementary benefits was £754,000; Retirement pensions was £43,300 and the Elderly persons allowance was £569,500, making a total, I believe, of £1,366,800.

HON J BOSSANO:

That is the estimate for 1987/88?

HON DR R G VALARINO:

That is correct.

HON J BOSSANO:

Does he have the figure, by any chance, of the actual outturn for 1986/87 because I think one of the things that we are interested in is.....

HON DR R G VALARINO:

It is there.

HON J BOSSANO:

No, we are interested in whether we are in a situation where the EPP is declining or static or increasing because we know that the supplementary benefits, to some extent, doesn't show a trend. You could have a lot of people claiming in one year and nothing the next but in the EPP we would like to know what the position is.

HON DR R G VALARINO:

Both the retirement pensions and the EPA are getting smaller as time goes by and people are dying. In fact, I did mention I think at the end of last year a certain figure and the figure is certainly less than was suggested. Those two are smaller but the supplementary benefits are going up all the time and that is notwithstanding the amount by which we increase at the end of the year which was 6.7% at the end of last year.

HON M A FEETHAM:

Mr Chairman, there is a particular situation which develops under supplementary benefits which I think gives way to the argument that we ought to review special cases where people are medically retired from work because, for example, they have had an accident or they have become sick and consequently they are not entitled to unemployment benefit because they are not available for employment but what happens is that he can apply for supplementary benefits. But in reviewing the supplementary benefits we find that in the case of a person whose wife happens to be in employment disqualifies him for supplementary benefits but he is not available for employment and he is usually sick. There are, I think, about three cases that I have been pursuing in recent times, certainly during the course of my presence in this House, where, in fact, there are these people who have got no means of income and, in fact, they are suffering hardship. We have a case that I took up about a month ago where Mr Gonzalez - I don't mind mentioning names - the Minister's department has got the details, who has been medically retired, a young man of about forty years old, because he has had both his hips removed and the employer cannot

carry him anymore on that basis and because he is unemployable at this stage he is not entitled to unemployment benefit and he claimed supplementary benefits and he has been told because his wife is working he cannot obtain any assistance. Consequently he would be better off if his wife wasn't employed and I think that is wrong. I think there is a need for a review of supplementary benefits to allow for a special case, a sick allowance where the Department on justification by looking at cases can in fact award an allowance to these cases. We just cannot turn our backs. In fact, to be quite honest about this, I can say that after having discussed the matter in some depth with the Director and his Deputy we have, in fact, been able to argue, the Department has accepted that we should not get to that stage by having a review, has accepted that he is technically available for a type of work if he was sat down, for example, and so we have been able to get round it by giving him unemployment benefit on that basis but that is only for thirteen weeks, what will happen after the thirteen weeks? We have now got the problem that he will not be entitled to supplementary benefits. It is a case that is going to be there for a very long time and I think because you don't have many cases occurring and because I think we are not likely to have abuse of the scheme, I think it is time that the Government gave some thought about these cases because they are cases that can cause very genuine hardship.

HON DR R.G VALARINO:

Mr Chairman, as I said some time before, we are undergoing a complete review of the supplementary benefits scheme. Obviously, we will take into account what the Hon Member has said and in the meantime, until we finish such a review, if he finds any other cases because he has already got several cases, to my knowledge, and we have dealt with them, if he finds any other cases which he feels do need extra funds he can always contact me. But we are undergoing a complete review of the supplementary benefits scheme and obviously when we do that we shall take into consideration what the Hon Member has said.

Other Charges was passed.

Head 14 - Labour and Social Security was agreed to.

Head 15 - Law Officers was agreed to.

Head 16 - Medical and Health Services

Personal Emoluments

HON J BOSSANO:

On Personal Emoluments, the provision at the moment is based on the standing level by the creation of the extra post in the Interim Report and I think the Minister told us that the final report on the nursing staffing levels required has not yet been received. I know that the Nurses Union has made representations to the effect that since we are providing the establishment here and there is a critical problem in the Hospital of staffing, quite frankly, the situation is that it has got so bad in terms of the levels of overtime that have been required that people cannot be induced to coming to work anymore. There have been on a number of occasions people who have come off at 8 o'clock and gone straight on working twelve hours on a night shift until 8 o'clock in the morning and then started work on the day shift at 8 o'clock and that is totally unacceptable because of the risk it puts the patients in. I know that the Government may not be able to move on an improved manning level for the Hospital until they get that Interim Report but at the moment what the Nurses Union is asking for and I don't know whether the matter has gone to Council of Ministers yet or not, if it hasn't then I am asking them to give the matter sympathetic consideration, is that in the knowledge that there are a number of senior posts provided in these Estimates which will create vacancies lower down, those vacancies should be filled, if necessary, in anticipation of the promotions. That is to say, if at the moment they are recruiting junior nurses and they get sufficient applicants and there are, say, three or four more applicants than vacancies, since we know that the promotions will create three or four vacancies and the money has been voted here then we should go ahead and fill the extra three or four posts rather than wait for the post to become vacant as a result of a Sister becoming a Senior Nursing Officer and a Staff Nurse becoming a Sister and an Enrolled Nurse becoming a Staff Nurse because by the time all that chain reaction takes place it will be three-quarters of the year gone by and, quite frankly, the situation is very, very critical in terms of the workload on the people and the fact that people are not prepared to work the high level of overtime. In fact, I am not suggesting something that is likely to cost the Government more money, I am suggesting something that is likely to cost the Government less money because it is not that the Government is unwilling to provide the overtime, my information is that the overtime is available, it is just that the people don't want to do it.

HON M K FEATHERSTONE:

I will give it some consideration, Sir.

Personal Emoluments was passed.

Head 16 - Medical and Health Services was agreed to.

Head 17 - Police

Personal Emoluments

HON J BOSSANO:

Mr Chairman, I think I have asked before and I notice in the Abstract of Statistics that we got just before the beginning of the Budget Session, that the incidence of crime in the last year is up on the previous year which in itself was up on the preceding year. It is an issue on which we feel strongly that the Police must have the resources to deal with the problem and we want to be reassured that the resources that we are providing are considered by them to be sufficient.

HON ATTORNEY-GENERAL:

I think the Commissioner knows, Mr Chairman, that if he requires any further officers, that any increase in the establishment to deal with the increasing crime figures he will get those increases of officers. I think everybody is aware of that, very conscious of that fact, Mr Chairman.

Personal Emoluments was passed.

Head 17 - Police was agreed to.

Head 18 - Port

Personal Emoluments was passed.

Other Charges

HON J BOSSANO:

Mr Chairman, under Other Charges, is there a particular reason why we are not providing for minor works this year which we did last year and we apparently spent?

HON MAJOR F J DELLIPIANI:

The minor works are dealt with by the Public Works Department. Mr Chairman, the reason might be because the sums involved are under £10,000 and if they are under £10,000 the money is in the Public Works Department and not shown in the different Heads.

HON J BOSSANO:

Is it then that we are not doing any minor works at all?

HON MAJOR F J DELLIPIANI:

No, we are doing minor works but it is less than £10,000.

MR SPEAKER:

And therefore it comes under Public Works.

Other Charges was passed.

Head 18 - Port was agreed to.

Head 19 - Post Office, Savings Bank and Philatelic Bureau

(1) Post Office and Savings Bank - Personal emoluments

HON J C PEREZ:

Mr Chairman, I have received various complaints of late about the North district Post Office where it is said there is only one person handling the counter and that pensions are being paid there and that stamps are being sold there and that people need to queue up sometimes for even half an hour or forty minutes to be able to get to the counter to buy a stamp and that the office is very busy and certainly inadequate to meet the demands of that area. Could the Minister explain whether the Department has any intention to remedy that situation and, if so, how and if, in fact, he intends to employ someone else or redistribute the work in a different manner so that the situation does not recur?

HON G MASCARENHAS:

Mr Chairman, I have no information on what the Hon Member is asking, I will certainly look into the matter for him.

Personal Emoluments was passed.

(1) Post Office and Savings Bank was agreed to.

(2) Philatelic Bureau was agreed to.

Head 19 - Post Office, Savings Bank and Philatelic Bureau was agreed to.

Head 20 - Prison

Personal Emoluments was passed.

Other Charges

HON M A FEETHAM:

Mr Chairman, perhaps this would be an appropriate time to try to obtain from the Government an indication of what they intend to do about the Prison, to re-site the Prison. I think I never got an answer during my contribution.

HON J B PEREZ:

The whole question of the re-siting of the Prison is, in fact, still under consideration. It is a matter which has been gone into by the Forward Planning Committee and no final decision has yet been taken.

HON J BOSSANO:

It wasn't included in the answer that we got on the 1986/90 Development Programme, is it that it is being considered beyond that?

HON J B PEREZ:

I think I mentioned it last year during the Budget. What we are, in fact, doing is we have tried to look at various areas which could be suitable and a number of plans have been drawn up but at the moment it hasn't really got off the drawing board.

Other Charges was passed.

Head 20 - Prison was agreed to.

Head 21 - Public Works

Personal Emoluments was passed.

Other Charges

HON J C PEREZ:

Mr Chairman, under Subhead 14 - Rock Safety Measures and Coastal Protection. I have raised it for two years running and last year the Hon and Gallant Major Dellipiani told me that perhaps part of the problem that I referred to in relation to the part immediately above Catalan Bay was that the catch bench that was planned to be produced by the Public Works Department might go a long way in alleviating the matter. I understand that the catch bench only reaches up to the Caleta Palace Hotel area and the area I am talking about and the concern that has been

expressed on previous occasions by me has been on the rockfalls on the site immediately above Catalan Bay where, in fact, the Government itself has a depot there. I believe and my reports are that this year the incidence of rockfalls have been greater than last year, that the rocks falling have been bigger and that the situation is worse. I understand the difficulties, as the Hon Member explained last year, in being able to do something very definitive about it but I wonder whether the Hon Member could tell me whether any kind of survey is planned to see how dangerous it is and whether the danger is greater or whether it is a standard thing and one must just wait and hope.

HON MAJOR F J DELLIPIANI:

Mr Chairman, I am glad the Hon Member has raised this question. It is very true that the catch bench when it is finalised will not cover the area specified at this moment by the Hon Member. I am not a technical man but I have had some experience, I cannot really see a method of making that area safe except by possibly, it just depends on the immediate area below it having some kind of material which will absorb the rocks when they fall but that might entail losing the whole of that area to a particular method of holding the rocks. It just depends on what height it falls from whether the Catalan Bay area is at risk or not. Certainly Catalan Bay Village has had a history many years ago of rockfalls actually in Catalan Bay. I really don't see a solution which we in Gibraltar can afford. If we had £100m or £200m then we could tie up the whole of the Rock with special netting but I really cannot see a practical solution. There might be solutions to make it that bit safer, I will certainly take the matter up. Since we are talking, Mr Chairman, on the question of the catch bench and we mentioned the area of Catalan Bay, I would like to take this opportunity, if I may, of retracting what I said that the Hon Member, Mr Perez, referred to the Sand Quarry personnel lying idle and getting paid. He obviously didn't say that and I accept his explanation.

HON J C PEREZ:

Mr Chairman, I thank the Hon Member for the explanation given. Turning to the point at issue, I am just more worried than I was last year about the situation because of the reports that I have received, that the incidence of rockfalls is greater. There is a house, a car park and a couple of Government depots in the area directly affected. If there is any in finding out whether the incidence of danger is greater than it was, perhaps one might have to consider vacating that area. I would just like to suggest to the Hon Member and I don't know how this could be done, is that my information is that the Royal Engineers at one stage used to carry out regular surveys of that particular area, say, every ten years

and that since they stopped this has not been done and perhaps it might be an idea if the Gibraltar Government cannot cope with the work involved, to perhaps try and approach the Ministry of Defence in that respect. But certainly the situation is getting more worrying every day with bigger rocks falling and more regularly.

HON MAJOR F J DELLIPIANI:

Mr Chairman, I don't know whether my Department has a method of periodic inspections of cliff areas. I do know that my Department do carry out these kind of inspections. I have been there with them when they have carried out the inspection, obviously we have to use telescopic equipment to be able to bring the cracks nearer to us to be able to see them. There are no Rock climbing experts to go up the actual Rock, in doing so he might cause a rockfall. I don't know whether we have a method or whether we do it every year or every six months. I know that I have actually been there with them when they have inspected the cliffs. All reports of rockfalls are submitted to the Department, I will look at the incidents that have occurred in that particular area and I will try and take whatever precautions are possible and practical.

HON J C PEREZ:

Mr Chairman, another point not connected with that, under the cleaning of highways, I notice there is an increase in expenditure of £79,100. Is that due to an increase in the staff of the department?

HON MAJOR F J DELLIPIANI:

Yes, Mr Chairman, there has been an increase of personnel in this department to make Gibraltar a bit cleaner. As I said, we increased last year and we are increasing again the number of personnel for flushing and sweeping.

HON J BOSSANO:

I think last year the Member gave it as four.

HON MAJOR F J DELLIPIANI:

I haven't got it, I can give the Hon Member a guesstimate of the figure, I think it is six extra men this year, for 1987/88.

HON J C PEREZ:

Mr Chairman, Subheads 51 to 56 - Potable Water Supply. Mr Chairman, the Hon the Financial and Development Secretary in his contribution to the Finance Bill said in relation to the municipal services: "In addition there is uncertainty about MOD and GSL requirements in relation to potable water". Could he expand on the problem or the uncertainty that there is about MOD and GSL requirements because we have got expenditure here for the potable water supply and I think one would want to know what those problems are in looking at expenditure for this financial year?

HON MAJOR F J DELLIPIANI:

I am sure the Hon Financial and Development Secretary was referring to the problems that we will encounter with regard to the demand that the PSA will have on our ability to supply them, whether they still want more or less water and certainly a very dark area and a very worrying area for me is the fact that we are now billing GSL directly even though it goes through part of the network of PSA. The guesstimate they gave us at the beginning of the Shiprepair of how much water they consume is quite incredibly higher than what they estimated they would use. Despite the fact that we helped them out in tracing an incredible amount of leaks all over the place and we have, in fact, saved them a lot of water because it was really awful before, it is still a worrying matter as to how much water they are using. I don't know whether it is something to do with the hydraulics of the docks but the amount of water that they are using is far in excess of what they projected. If that phase continues it would mean that our water requirements are increasing at such a pace that our desalination capacity will not be enough in the next three or four years and this is why we haven't lowered the cost of water because we might have to fund a further distiller. In fact, there is room within the present distiller to instal another distiller.

HON J C PEREZ:

Mr Chairman, if I understand the situation correctly, the water goes through the DOE to GSL but the Gibraltar Government actually bills GSL for it directly. Can I ask the Hon Member what they are charging GSL, whether it is the normal commercial rate or the rate that you would normally charge DOE?

HON MAJOR F J DELLIPIANI:

It is the normal commercial rate this is why they are saving a lot of money.

HON J L BALDACHINO:

Mr Chairman, may I ask the Hon Member, under Subhead 38, does that include Housing Estates?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I am glad the Hon Mr Baldachino has brought up this question. It is a question that has troubled me for some time and there is a little bit of holding on to empires from both the Housing Department's staff and the Public Works Department's staff in that areas in Estates which are not really roads, the Housing Department's people are responsible for and the actual roads, for example, Glacis Estate is a typical case, the Public Works Department are responsible for. This is a grey area where you might get somebody who is lazy in the Housing Department sweeping the stuff on to the road and the other chaps sweeping on to the pavements. It is a problem we thought we had solved but it hasn't been solved, it is not satisfactory. I will try and look into this matter again with the Hon Minister for Housing.

HON J L BALDACHINO:

Mr Chairman, am I correct in assessing that what the Hon Member is saying is that it would be better if the cleaning of the Estates came under one Department, either one or the other?

HON MAJOR F J DELLIPIANI:

I think it would be the ideal situation if it came under one Department. There might be points of law because some areas are actually public highways, especially on the Glacis area but I will certainly try and meet my colleague and discuss the matter and see if we can improve the problem.

Other Charges was passed.

Special Expenditure

HON J C PEREZ:

Mr Chairman, just a small reminder to the Hon Member opposite that the purchase of a computer is something that is welcomed for the Public Works Department and that perhaps the Department might be able to overcome the problem of accounting for the vote of maintenance of public buildings better since the biggest objection put by the civil servants in the Department at the time when I went to see them was the problem of accountability of it and the paperwork involved. I know I have certain support within the financial department on how that vote should be accounted.

HON MAJOR F J DELLIPIANI:

Mr Chairman, before answering the Hon Member's remarks on the purchase of the computer, I would like to make an amendment to Subhead 81 - Building Applications - Structural Inspections should read 'Structural Calculations'. The Department doesn't carry structural inspections, that is done by the Director of Crown Lands; what we do do is when there is a planning application we look at the calculations. In answer, Sir, to the remarks made about the purchase of the computer, I thank him for his support. It has a little asterisk which means it is reserved so I still haven't got it but it is quite true, we do need the computer for two reasons. It might be that for one purpose of accounting if we could get into the mainframe of the Treasury one we might solve the problems of the accounting side. Ideally we would want a computer which can be in-house to do both the accounting side and the technical side of the Department which is calculations of buildings, design, work, etc, a word processor for bills of quantity which require a lot of work and a word processor would make life much easier. I thank the Hon Member for his support.

Special Expenditure was passed.

Head 21 - Public Works was agreed to.

Head 22 - Telephone Service

Personal Emoluments

HON J C PEREZ:

On the Telephone Service I think the Hon Member has already told me privately that he was going to amend the complement of the Telephone Trunk Operators to read '10' instead of '7' because he had accepted my argument that by changing it now would prejudice the result of the possible ACAS intervention.

HON J B PEREZ:

What I said to the Hon Member, in fact, it was in the House during the Second Reading that he raised it. What I said and what I say again is that there is a commitment on my part, on the Government's part, that whatever I say is without prejudice to whatever may come out of ACAS. In other words, if the negotiations say that, for example, we don't know because TGWU haven't yet said that they have accepted the offer that Government has put to them. What I am saying is that it is without prejudice to anything. If the result of the arbitration is to the effect that we need ten or we need eight or we need less there is no problem.

HON J BOSSANO:

Mr Chairman, doesn't the Minister understand that the dispute is not about how many they need but about whether they can do what they intend to do now? Until now what they have had is three unfilled vacancies and they have got a dispute with ACTSS because ACTSS argues that to reduce the establishment is to abrogate an agreement on complement because all the complements in all the Votes in the whole of personal emoluments are agreed with the pertinent Staff Associations. In fact, although that is the nature of the dispute the Government has not yet technically done it, technically they have not yet reduced the complement, they have simply said 'We consider that there aren't three vacancies' even though the three vacancies exist on paper. What they are doing now in this House is compounding the dispute because certainly if the Union were to agree to go to ACAS it would be going on the basis that the Government had acted wrongly in reducing the complement. Strictly speaking they haven't yet done that until now, now is when they are going to do it. They are offering to go to ACAS about something that strictly speaking they have not yet done and which they intend to do now. We certainly cannot support it and we have made clear that it is totally independent of the issue of how many are needed, in the view of one or in the view of the other because it is not a question of whether they are needed or they are not needed, it is a question of whether is the Government right to come to the House and say: "I am now reducing the complement in the Telephone Department although there is no agreement to reduce it". It is a serious thing, quite frankly and this is why we feel the Government is making a serious mistake, if we haven't persuaded them, fine, we vote against.

HON J B PEREZ:

I am willing to leave it at 10 but without prejudice to ACAS.

HON A J CANEPA:

There is no financial provision for ten.

HON J BOSSANO:

Well, presumably there wasn't last year.

HON J B PEREZ:

Do I take it that the offer of arbitration will be accepted?

HON J BOSSANO:

Well, all I can tell the Hon Member is no doubt it will be considered by the pertinent persons in the Union to whom he has written.

MR SPEAKER:

I think we are not concerned in the vote in the actual establishment. We are voting expenditure, we are not voting the correctness of the establishment.

HON J C PEREZ:

But in the same way as the Hon Major Dellipiani just changed a word to describe the Head properly, the same type of amendment could be made, Mr Chairman.

MR SPEAKER:

I think it is not a question of amending, it is a question of giving notice of the fact that it is incorrect and that it should be ten instead of seven.

HON CHIEF MINISTER:

I think the answer is to leave it as it was last year.

Personal Emoluments was passed.

Head 22 - Telephone Service was agreed to.

Head 23 - Tourism

(1) Main Office

Personal Emoluments was passed.

Other Charges was passed.

Special Expenditure

HON J E PILCHER:

Mr Chairman, just a quick one on Subhead 80 - Painting of Buildings and Removal of Eyesores. This year we will be revoting £6,000 from the £30,000 that were initially earmarked, I think, in 1985/86. Is the Government saying that they are happy that all the eyesores have now been removed or is it that this particular Subhead is now being taken on by the Public Works or by some other Department?

HON H J ZAMMITT:

I am sorry I didn't hear the question, I apologise.

MR SPEAKER:

Is it that Government is convinced that all eyesores have now been removed and that is why they haven't voted further money?

HON H J ZAMMITT:

No, Mr Speaker, the facts are that the revote is something that has been started and about to be finished. But, of course, as the Hon Member knows, we have a substantial sum of money that was voted for the painting of public buildings, sand blasting and eyesores and at the time we were unable, that was following the Pitaluga Report, unable to continue with the painting of public buildings like The Haven, the City Hall and the like because we had problems with the unions, they wanted it more by direct labour and not by tender.

HON J E PILCHER:

But what I am asking is, if that was a one-off thing and it appears to be a one-off thing because now we are only being asked to revote money which is the tapering off of the amount of money that was put. That special expenditure was a one-off thing and if that is the case is the Government happy that the eyesores have now been removed, that all the buildings that needed sand blasting have been done or will they come back at a future date with other special expenditure for these items?

HON H J ZAMMITT:

No, Mr Chairman, firstly, we are not happy that all the eyesores have been removed, far from it, and I very much doubt that we will come back for more money. We would like to dedicate more money, as you will see later on in the Improvement and Development Fund, for the improvement of the product as a whole but I doubt very much, Sir, that we will be able to come back and get more money for this.

HON J L BALDACHINO:

Mr Chairman, under Subhead 16 - Minor Works, £17,000. Is that to carry out minor works in the two Offices, the one downstairs and the Main Tourist Office or does it entail something else?

HON H J ZAMMITT:

I am sorry, Mr Chairman, could I please be given a few minutes and I will certainly come back to it and give the Hon Member the reply.

MR SPEAKER:

Could I possibly ask how £6 were lost?

HON H J ZAMMITT:

I can tell you, Sir, that much more than £6 were lost and it was the subject of an investigation. We did suffer a break-in. £6 was a small amount from the General Office and from there keys were obtained to be able to open other offices and the safes.

Special Expenditure was passed.

(2) - London Office

Personal Emoluments was passed.

Other Charges

HON J E PILCHER:

Mr Chairman, Subhead 9, there is an increase there of nearly 40% on advertising, 38% to be exact. Since the Minister in his contribution on the general principles said that they were having great difficulties in people getting seats coming to Gibraltar, isn't it difficult to say why they are going to spend an extra £43,000 this year if we still haven't resolved satisfactorily the problem of not enough seats in the route to Gibraltar?

HON H J ZAMMITT:

Yes, Mr Chairman, it would seem quite a logical point to make at this particular stage. The fact are quite simple. Firstly, of course, our advertising campaign in Britain as opposed to the international market which has been apparently accepted is that the value that we get for what we pay is so minute that it is almost negligible and very many people and Members no doubt see the odd advert appearing in the press now and again but they are very expensive. What has occurred, Mr Chairman, is in not being able to keep up with the increases of advertising in Britain what we have found is that our adverts are, in fact, diminishing in size, you are buying a given area and it has been strongly recommended that we should try and keep up with an not improve upon.

I should tell the Hon Members opposite and I am sure they are fully aware much more than I am, that the printing industry despite our good friend Mr Murdoch and others like him is, in fact, an industry that has an increase per annum of something like 18% in printing. The other thing, of course, that I would like to tell the Hon Member is that we are now compelled, Mr Chairman, to pay VAT which we did not have to pay previously. Mrs Thatcher has now made all overseas offices pay VAT which hitherto we were not asked to pay.

Other Charges was passed.

Head 23 - Tourism was agreed to.

Head 24 - Trading Standards and Consumer Protection
was agreed to.

Head 25 - Treasury

Personal Emoluments

HON J BOSSANO:

Two points, really, I think I need to make, Mr Chairman, on personal emoluments. First of all, I have been complaining to the Hon Financial and Development Secretary about the lateness of the information which he sometimes regrets sending me and he has said that it is due to staffing problems in the Economic and Statistics Office. Are we now putting those staffing problems right with the provision we are making in this year's Budget because certainly we are very strongly in favour of that particular unit in Government being well staffed and well able to produce figures, particularly because we feel that it is essential to have information up-to-date and not to be given, as we are, for example, an Abstract of Statistics that has got import figures for 1985 and nothing for 1986 and we are in the 1987 Budget, that is one point. The second point is I notice that the Computer Centre shows the Senior Data Processor and the Data Processor in last year's establishment are no longer there. It does say in the footnote that these grades have been merged into the Administrative Officer and Administrative Assistant grades. Since there is an Administrative Assistant grade shown in the Computer Centre is it that the rest are shown now as part of other people's departments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, let us take the first point about the Economic Planning and Statistics Office. Yes, there have been difficulties as I have said at the clerical level. I am glad to say that the necessary additional staff are now being provided rather later than I would have wished but nevertheless they have been provided so I would hope that that will lead to an improvement. At senior level I am afraid the situation is still one which gives cause for concern quite simply because there were three people at senior level as the House will be well aware not more than a year ago and there is at present only one, I am talking about qualified economic staff. I have made strong representations on this to the Establishment Officer and also to the Deputy Governor who is the Head of Administration. I understand that there are difficulties in getting qualified people. This situation has still not been resolved, I think there were also discussions taking place between the Establishment Officer and the relevant Staff Associations, there are two of them involved, and these discussions are still going on. To sum up that particular point, while at the what I might call the level of clerical support the situation should improve, the situation at senior level still gives me considerable grounds for concern. On the question of the Computer staff, there will be a restructuring and while some staff have been regraded there is also a planned restructure in the sense that modern computer developments are more systems and programmer analysis intensive compared with earlier and the complement reflects that particular shift. That is to say, we are increasing our programmer capacity and reducing our data processor capacity. It doesn't mean to say that we are going short of the data processing grade but simply that the balance of work in keeping with developments in computer technology the emphasis on software development means that this change is taking place.

HON J BOSSANO:

Mr Chairman, the Hon Member has reduced the staff from seventeen to eleven in the Computer Centre. If he had nine Data Processors and that has been merged according to the footnote to the Administrative Assistant grade and he has got one as Administrative Assistant, is he telling me that it has gone down from nine to one at that particular level?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes.

HON J BOSSANO:

And the Computer Centre is functioning now with six people less as efficiently as it was last year with six people more, that is the answer then?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think I should perhaps have added that there has also been a change in the structure of the staff who input the work whereas formerly the input to the computer system was carried out by data processors as is shown here, it is now carried out by the billing staff so there has been a move in two senses. One is the technical development I suggested and the other is the fact that the work is being done elsewhere by people whose grade now provides for them to do that work.

HON J BOSSANO:

The first thing I asked the Hon Member, Mr Chairman, was are the bodies that have disappeared from the Computer Centre shown under other parts?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The answer to his question is in part yes, but we haven't moved nine bodies from the Computer Centre elsewhere. There has been a rearrangement in work and a regrading.

HON J BOSSANO:

For example, the two Administrative Assistants extra in the Accountant-General's Department going up from 57 to 59 have nothing to do with the decline in the Computer Centre from nine to 1?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I don't think so, no, those two Administrative Assistants I think I am right in saying, have been provided specifically for further efforts being made in connection with the improvement of collection of revenue, further work on arrears with particular emphasis on rates and processing of court cases. If the Hon Member will recall I did mention this some time ago when we had a discussion on these matters but those two extra are for that purpose. I would think it is fair to say this is improved productivity.

Personal Emoluments was passed.

Other Charges

HON J BOSSANO:

On Other Charges, Mr Chairman, can I ask the Hon Member on the Rates - Refund, there was a provision in the Estimates of £400,000, which is Subhead 24 on page 95. The actual outturn is £288,000 and yet the estimate for the collection of rates is very close to that in the original estimate which seems rather odd because the refund was payable to commercial premises which paid on time and the Government was estimating they will collect, on page 9, £7,225,000 and they have collected £7,200,000. It is odd that they should have collected £25,000 less and yet the subsidy should be down by £120,000. In the 1987/88 provision I find it odd then that having only paid £288,000 when the subsidy was 40% they should be providing £237,000 for the subsidy at 20%.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The figure for 1986/87 represents three-quarters at approximately £90,000 and the 1987/88 figure reflects one-quarter at that rate and then the remainder at 20%.

HON J BOSSANO:

So the subsidy did not operate from the 1st April, it operated from the 1st July but we still provided £400,000 for it last year presumably knowing it operated from July or didn't they know that in last year's Budget, Mr Chairman?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The scheme did begin to operate from April but the credit was made in June, in the second quarter of the year because we had to wait and see who paid their bills when the bills were paid before we gave the rebate so there is an element of retrospection, as I understand it. Therefore there will be an element of retrospection or overlapping to this financial year.

HON J BOSSANO:

When we put £400,000 in last year's Budget the Government didn't expect that this was going to happen, is that it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There was an element of over-estimate.

HON J BOSSANO:

So what we are saying is that part of the £237,000 is in respect of rates for 1986/87 not 1987/88?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, that is correct.

HON J BOSSANO:

In fact, the total amount of rates collected on the revenue side on page 9 is very close to the original estimate. Is it, in fact, that the Government has found during the course of this year because that was one of the things that the Hon Member mentioned when he came here with a motion to remove the interest that he might find that the 40% incentive would produce people paying on time to get their 40%, has that in fact happened?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the answer is broadly, yes, it is true.

MR SPEAKER:

Perhaps the information can be forthcoming in due course.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I would be happy to provide the Hon Member with further information.

Other Charges was passed.

Subventions

HON J E PILCHER:

Mr Chairman, I would like to be able to take Subhead 35 - Contribution to Gibraltar Shiprepair Ltd Fund on its own since the Opposition will be abstaining in that vote. I did mention this in the Finance Bill and I gave our reasons for doing it. I also mentioned in the Appropriation Bill and I also gave the reasons for doing it and yet in both rounding up on the Government side no mention was made at all as regards the points that we had raised and therefore, Mr Chairman, we have no choice but to abstain on this vote for reasons that we have clearly stated before in many, many debates on the Gibraltar Shiprepair Ltd.

HON J C PEREZ:

Mr Chairman, I have got another Subhead on which I would like some clarification which is Subhead 31 - Annual Grants-In-Aid and specifically that of the European Movement where there is £500.

HON CHIEF MINISTER:

Yes, it is £500 but we have put the contingency a little higher and I have already told the Chairperson that she can rely on another £500.

On a vote being taken on Subhead 35 - Contribution to Gibraltar Shiprepair Ltd Fund the following Hon Members voted in favour:

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

The following Hon Members abstained:

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

Subventions was passed.

Special Expenditure was passed.

Head 25 - Treasury was agreed to.

Head 26 - Pay Settlements

HON J BOSSANO:

Can I just ask one question and if the Hon Member cannot give me the information then perhaps he can send it to me when he sends me the other. I would like to know how much of the £1,400,000 is intended for the pay settlement of non-industrials and how much for wages?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I will try and send that information.

Head 26 - Pay Settlements was agreed to.

Head 27 - Contribution to Improvement and Development Fund

HON J BOSSANO:

We are not prepared to vote in favour of the contribution to the Improvement and Development Fund unless we clear up the position that we raised before in relation to the Public Finance (Control and Audit) Ordinance. I know that the Hon Member has looked up another section which says that he has the discretion in the public interest to do something different. I have no doubt in my own mind that he hasn't given it a thought until we raised the matter here and that then he looked through there to see what section he could find which allowed him to do what he did and I am sure that that is the position that he took when he used some other section in connection with the GSL Fund and, quite frankly, I think, skirted very close to the limits of possible interpretation. It is inconceivable to us that the kind of discretion for the Hon Financial and Development Secretary to act in the public interest can be in a situation like this. I can well understand that there must be occasions in the public interest when something critical unexpected is happening and the Member has to do something which is not carrying out what the House has provided and approved in terms of expenditure. But this is very simple, we have a situation where we supported the provision last year of £1½m and we said at the time that we were only doing so because it was going into the I&D Fund because we feel very strongly about not using borrowed money and putting it in the Consolidated Fund. If the Member had told us: "I may put it or I may not put it" we would not have supported it and if he is going to tell us now that at the end of the year we may discover that he hasn't put that money into the I&D Fund we will not vote, we will vote if it is going in. If he is going to use his discretion to decide whether it goes in or not, well, then he can have his discretion and not bother to consult the House.

On a vote being taken on Head 27 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

Head 27 - Contribution to Improvement and Development Fund was passed.

HON CHIEF MINISTER:

Having voted, because I didn't want to interfere in the vote, the public interest is very broadly interpreted in the Courts as being a way of exercising discretion and therefore it isn't anything of an emergency nature it is just administration, it is just financial management.

HON J BOSSANO:

Can the Hon and Learned Chief Minister tell me whether it has ever happened before because this is one of the problems that I think we face in the House, quite frankly, with the way the thing is developing. Here we are, we have a Budget in 1986, we have a long debate, we take decisions and we vote, we discover twelve months after the event that something different has happened, no information is volunteered to the House. I have raised an issue because it seems to me that it is quite clearly intended by the Public Finance Ordinance that the money that the House votes for the I&D Fund should go into the I&D Fund, it is clearly intended and if there are exceptional and compelling reasons why something else should happen, well, then something else happens. Nobody has said to us there were exceptional and compelling reasons and if there were, any time in the last twelve months, in all the meetings we have had the Government

would have come back here and said: "We have decided not to put the money in the Improvement and Development Fund". It isn't enough to say: "I think it is in the public interest that I should have more flexibility", period. The Hon and Learned the Chief Minister cannot say: "Well, it is really nothing to do with me, it's between the Opposition and the Financial Secretary". What is the Government's policy on this? The Government agrees with this policy?

HON CHIEF MINISTER:

No, what I said was I didn't want to interfere with the vote but I wanted to explain my view on the matter and I have explained it and the fact that it is different from the Leader of the Opposition is neither here nor there, with respect. The point is that there is statutory power and all I wanted to say was that public interest was not exceptional circumstances. If the law wanted to put a burden on the Financial Secretary for exceptional circumstances the law would have said so. But the law which we passed gives him a discretion in the exercise of his financial functions as he explained this afternoon quite clearly. When you look at Hansard you will see he gave a very simple and reasonable explanation but do we have to bring the point every time it is done?

HON J BOSSANO:

Of course, you have got to bring it every time.

MR SPEAKER:

In fairness, the point has been discussed in this House for the last three days ad nauseam.

HON J BOSSANO:

On that particular point, we haven't yet heard the last of that one, Mr Chairman, I can assure you.

MR SPEAKER:

And there is no reason why we should.

HON J BOSSANO:

There is nothing to establish in this House that the point of view of the Hon Financial and Development Secretary which quite clearly the Hon and Learned the Chief Minister is prepared to support because if the Chief Minister comes to me and says: "We are the Government of Gibraltar and we have decided that that is how we want to interpret

the Public Finance (Control and Audit) Ordinance for the first time in 1986/87 because we have never interpreted it like that before". In all the years that I have been here we have voted contributions to the I&D Fund and it has never been necessary ever in the public interest not to put the money in, that has never happened before. I am entitled, I believe, to ask the Government what was different in 1986/87 in the public interest for something different to be done from whatever has been done before.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We did not need the money, I have explained that many times, we did not need the money.

HON J BOSSANO:

Then, Mr Chairman, why did he borrow it? He tells the House there is nothing wrong with borrowing money even if they don't need it.

MR SPEAKER:

Order.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The money is available this year for a revote, that is what we have done. It is not that we have borrowed the money for some other purpose, we have postponed the spending of the money because the plans were not sufficiently far forward. I cannot imagine anything more commonsensical than that, it is an elementary factor of financial management. That is how I have explained it and the law provides for me to do that and I have operated within the law as I operated within the law over the question of the £12m shares which caused the Hon Member so much grief because he made a fool of himself in the House.

HON J BOSSANO:

I think the Hon Financial and Development Secretary, Mr Chairman, suffers from the bigotry of imported expatriates with the support of the Association for the Advancement of Civil Rights.

MR SPEAKER:

Order.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

You don't suffer.

MR SPEAKER:

That is the end of the matter. The Government and the Opposition have taken a stand on this one and all we are doing now is repeating the arguments. The Government consider the Opposition to be wrong and the Opposition consider the Government to be wrong so there is nothing much we are going to achieve by going on with this argument.

HON J BOSSANO:

The Financial and Development Secretary considers that I made a fool of myself over the particular way in which he handled the use of the Fund. I don't think I did and I was prepared, in fact, to let the matter die because it happened a long time ago, I shall have to go back and revive what he did in that particular instance. But what I am asking and what I am entitled to ask is, he said 'there is no sense in using money or in raising money that you don't need to spend'. Mr Chairman, what we are talking about is that we vote the money into the Improvement and Development Fund and we vote expenditure out of the Fund.

MR SPEAKER:

I don't think that is what the Financial and Development Secretary has said. I think what the Financial and Development Secretary has said is that it was not put into the Improvement and Development Fund because it was not needed.

HON J BOSSANO:

It was not needed in the Consolidated Fund either.

HON CHIEF MINISTER:

At the time we voted it before we needed it.

HON J BOSSANO:

Mr Chairman, the House of Assembly has voted here fifteen Budgets with the same Government there and consistently voted money which has been at the end of the year in the Fund and was not needed during the year and it has never been in the public interest not to do that, why is it in the public interest this year? Because it is not that it has never happened before, it has happened consistently, all the time, every year, because every year you find that money that is voted as expenditure is not spent. The famous slippage that the Minister

for Economic Development was talking about caused money to be in the Fund which was not needed in the sense that it was not spent but it was voted to be there, it was a decision of the House to vote that money there and if it wasn't spent then we revoted in this House the expenditure out of the Fund. We have never revoted expenditure into the Fund ever in fifteen years. If it is a new policy and not a new invention of the Financial Secretary then I would have thought that when new policies are taken it is legitimate to come here and explain them, not to have to find them out by accident.

MR SPEAKER:

I understand that the Hon Financial and Development Secretary wishes to include a Head to the Estimates of Expenditure.

New Head 28

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move the inclusion of a new Head of Expenditure, Mr Chairman, Head 28 - Contribution to Funded Services - in order to eliminate the projected deficits in the Electricity and Housing Funds. Accordingly, it is proposed to provide as follows: Subhead 1 - Electricity Undertaking Fund - £1,786,500; Subhead 2 - Housing Fund - £1,795,400; making a total for this Head of £3,581,900. The new figures in the last column, that is, for the increase or decrease compared with the forecast outturn for 1986/87 are: Electricity Undertaking Fund an increase of £295,600; Housing Fund an increase of £418,500 and an increase in the Head of £714,100 compared with the forecast outturn for 1986/87.

Mr Speaker put the question which was resolved in the affirmative and new Head 28 - Contribution to Funded Services was agreed to.

Improvement and Development Fund

Head 101 - Housing

HON J C PEREZ:

Mr Chairman, I would like to refer to both votes related to the Police Barracks where I mentioned in my main contribution that I would want explanations from the Government on what vote was for both because in comparing with what happened last year I believe that for the reinstatement of defective walkways there was only £7,000 allocated for the defective walkways of the Police Barracks at Scud Hill and in my opinion - and that is what I

need clarification on - the £42,100 estimated is all for the walkways of the Scud Hill Police Barracks at the moment. Again, on the one at 30, Castle Road which is the other Police Barracks, there is £290,000 reserved and I would want to know what, in fact, are the Government waiting for to take a final decision whether to use this money or not and when?

HON MAJOR F J DELLIPIANI:

Mr Chairman, with reference to the Scud Hill walkways, what has happened is that as the contractor was trying to make repairs to remove the steel edging of the corridors which had crumbled, as they were trying to remove the actual rolled steel joists the whole walkway was crumbling, it was just falling to bits and we had to take a very quick decision and very quick structural calculations and we came to the conclusion that we had to more or less rebuild the whole of the walkways. This is why the cost has come up considerably. In respect of the £200,000 which has got reserved and it is obviously intended to do all the balconies that are causing problems which are more or less of the same age, they are just over twenty years old. We do intend and, in fact, we have a programme to start repairing whichever is the best way possible and we will do the worst cases first. We are hoping because one of the Scandinavian countries, in fact, has identified the same problem as us - this is Sweden - most of the balconies built over twenty years ago in Sweden of the same structure as ours have suffered considerably from exposure because of the thinness of the concrete and the steel has rusted away and the sockets of the balconies are beginning to fall down. They are experimenting with a system which is made of, I think it is aluminium, it is certainly of lighter weight, it is certainly cheaper because it is modular and we are hoping to get information from them because there was no information as to the makers or builders, we are hoping through the magazine where we saw this published to get information and if possible we will try this new method of tackling this problem in Gibraltar.

HON J C PEREZ:

Mr Chairman, is the Hon Member saying then that the £850,000 which the completion of the project is estimated to cost is only the walkways of 30, Castle Road or are we talking about more major repairs to the whole building?

HON MAJOR F J DELLIPIANI:

We are talking of two things, Sir, we are talking of £42,000 for the Scud Hill walkways and then there is a reserved sum where we hope to spend on the more dangerous balconies as we go through the year and I will be drawing from that money from the Financial and Development Secretary.

HON J C PEREZ:

Could the Hon Member give us what in the Department's estimation will be the date when the Scud Hill Barracks will be completed?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I won't be able to give him this date now but I will certainly send the Hon Member a note on the condition of the walkways at Scud Hill.

HON J C PEREZ:

Mr Chairman, under Subhead 8 - Problem Buildings, perhaps the Hon Member could explain if not now whenever it is available to him, what the programme is of the problem buildings for this financial year where they are expecting to spend £98,500? And on Subhead 9 - External Painting of Pre-war Buildings, perhaps the Hon Member could also supply me with the intended programme for the year for the external painting of buildings whenever he has got it ready, not necessarily now.

HON MAJOR F J DELLIPIANI:

Mr Chairman, certainly I will do that. In fact, on the external painting we have just completed the programme and the schedule of works and the ones that can be done by our own labour and the ones that we will put out to tender. It is in draft form, when I have it typed I will certainly send it to the Hon Member. With regard to the problem buildings whatever programme we have I shall give this information to the Hon Member.

HON J L BALDACHINO:

Mr Chairman, on Subhead 5 - 30, Castle Road, the Police Barracks, is the project going to be one of remodernising or is it just remedial works?

HON MAJOR F J DELLIPIANI:

Mr Chairman, the Government is thinking that because these units were on the whole sub-standard and most of the bathrooms and kitchens had been built using part of balconies and corridors, we thought it was a good idea that because it is a major problem building which was cause of concern to many people, we thought it a good idea that by losing a certain number of units we could spread the area and make it into proper units with proper bathrooms and kitchens, etc. We would call it a modernisation programme.

HON J C PEREZ:

And at the end of the day you would find that perhaps you might have less units than you had before but in better conditions.

HON MAJOR F J DELLIPIANI:

That is so, Mr Chairman.

HON J L BALDACHINO:

After the completion will it go back being a Police Barracks or will it go to the Housing Waiting List for allocation?

HON MAJOR F J DELLIPIANI:

I don't know if I can answer that, Mr Chairman. I don't think it comes under my Department, really. I am the contractor to the Government departments, I think that would be a policy decision. I would like to help the Hon Member but I really don't know the answer.

HON J L BALDACHINO:

Mr Chairman, am I correct in understanding then that the Government has still not made a policy decision on whether it will be returned to be allocated as Police Quarters or if it will go to the Housing Waiting List for allocation?

HON CHIEF MINISTER:

Sir, it is something which I have had a little to do, it is very difficult at this stage to say what the outcome will be because, first of all, there is a commitment to the Police Force. Certainly it is no longer the policy of the Police as it was before that their housing should all be concentrated so there is no policy requirement that that should be so. Secondly, the bulk of them are no longer in the Police Force and still we are finding them alternative accommodation and so on. I would imagine that subject to the Police not losing on the transaction in the sense of units, that there would be little point in deciding whether they are Police Barracks or not, very much the same as in the case of the B3 Quarters which were completely de-quarterised for the whole of the Service. Otherwise it means you have to provide a new flat for somebody who has already got one and has got a vested interest in remaining there.

HON J L BALDACHINO:

Mr Chairman, on Subhead 7 - Catalan Bay, will these units be for rental or will they be under the same home ownership scheme as Engineer House?

HON A J CANEPA:

Let me explain what the position is with Catalan Bay. I have had over a period of some months, a series of meetings with the Village Council and with a group of young people from there who are interested in looking towards home ownership as a way of solving their housing problem. Over the years the Government has explained to the people at Catalan Bay that it could not solve the housing problem of Catalan Bay in anticipation of solving the housing problem for the rest of Gibraltar, the reason being to avoid a situation where people in town might feel aggrieved at the pace of housing in Catalan Bay moreso as there is the precedent at the time of the allocation of Medview Terrace, it finished up in the Supreme Court. And so the Government has had a project on what is called the shingle car park to provide twenty units there and plans are readily available. But the twenty units do not solve the housing problem for Catalan Bay, they need rather more than that so they have put a proposal to me which I am shortly to take to my colleagues, whether the Government would consider in addition to building twenty units putting the alternative site or the other site which is available, not readily available because there are families in the Nissen huts which is White Rock Camp. Their proposal is between White Rock Camp and the shingle car park that the Government should build twenty units either in one or the other and put the other site out to tender, perhaps in consultation with the Village Council, for home ownership and this is what we have to consider and take a final decision. Really what we are doing here is providing for Government housing for renting but we are not indicating as yet where it is going to go. It could go either at White Rock Camp or on the shingle car park.

HON J C PEREZ:

If I don't misunderstand the Hon Member, is the shingle car park opposite White Rock Camp?

HON A J CANEPA:

No, that is the one below, it is next to Seaview.

HON J C PEREZ:

I thought he was talking about the one where I was worried about the rockfalls.

HON A J CANEPA:

No, it is next to Seaview Terrace.

HON J L BALDACHINO:

Mr Chairman, could the Hon Member explain why is it that for Catalan Bay which is only twenty units the cost comes out, if I have done my arithmetic correctly, at £48,000 when for the ones at Engineer House it is £27,000?

HON A J CANEPA:

I would be shattered if the cost of twenty units at the shingle car park were to be £960,000 though I accept that in the case of Catalan Bay any building at Village level and not at White Rock Camp should in an effort to keep the Village character, obviously the design will result in much more costly units than if you just build an ordinary block. But, in fact, the cost is likely to be higher at White Rock Camp, that site is not so easy to build on as the one downstairs so we are covering ourselves for a much higher cost at White Rock Camp.

HON J L BALDACHINO:

I think that my Hon Colleague, the Leader of the Opposition, did ask in his contribution seeing that the cost is going to be so high because of the explanation that the Hon Member has given me, Mr Chairman, will the rent be related to the cost of the units like they did with Rosia Dale and St Joseph's?

HON A J CANEPA:

It doesn't have to be. A policy decision can be taken, obviously, Mr Chairman, the rents of accommodation at St Jago's and St Joseph's and Rosia Dale were higher than accommodation at Varyl Begg but it doesn't have to be done in absolute terms. I think what would happen is that we would look at rents elsewhere in town and have regard to that and have some regard to the building cost. But I think I should tell the House that certainly St Jago's and St Joseph's were costing well over £40,000 per unit. From that point of view the rent would not be higher than St Jago's and St Joseph's.

HON J L BALDACHINO:

There is just one point which I raised last year, Mr Chairman. Could I have an explanation because I might be wrong, for example, under Subhead 15 - Painting of Estates it has got an (f) which means it includes a revote of £206,000 when I make out that we are voting exactly the same as we did last year so it should only be a revote.

HON A J CANEPA:

What was the question?

HON J L BALDACHINO:

The question is that it should be a revote and not include a revote of £206,000 because we voted exactly the same last year.

HON A J CANEPA:

No, the revote is not in the £470,00, the revote is in the £195,500.

HON J L BALDACHINO:

No, I am talking about Painting of Estates.

HON A J CANEPA:

Yes, but if the Hon Member looks along the page, the cost of the programme is £470,000 and then for 1987/88 the provision is £195,500.

HON J L BALDACHINO:

No, I am talking about Subhead 15.

HON A J CANEPA:

What these tables don't appear to show is what was the approved figure for 1986/87. We only have the forecast outturn but we don't seem to have the estimate for 1986/87.

HON J BOSSANO:

£250,000.

HON A J CANEPA:

£250,000, then that is the answer, £250,000 last year, only £44,000 have been spent so you are revoting £206,000.

HON J C PEREZ:

I missed something before, Subhead 3 - Remedial Works to Balconies - Post-war Buildings. The Hon Member has given a commitment in the past in this House that the works would commence in April, in fact, in particular in relation to Stanley Buildings he said that remedial works to make them safe if they were found to be dangerous would take place immediately before April. I don't think that that has happened and I find that the money allocated under this vote is again reserved which indicates that a final decision to spend this money in this financial year has not been taken notwithstanding the Hon Member's commitment to this House that work would commence in April.

HON MAJOR F J DELLIPIANI:

Mr Chairman, the money is put in reserve because of the doubt as to whether we can do all the programme this year. Certainly as the Hon Member has asked me before, I will give him a programme of works in connection with the balconies and he will see that Stanley Buildings will be at the top of the priorities.

Head 101 - Housing was agreed to.

Head 102 - Schools

HON R MOR:

Mr Chairman, earlier this evening the Hon and Gallant Major Dellipiani when referring to Bayside Comprehensive School mentioned that about £1m would be required to bring that school up to scratch. Would he care to explain what he meant?

HON G MASCARENHAS:

Mr Chairman, I don't quite understand the question.

HON R MOR:

I was asking the Hon Major Dellipiani. The Hon Minister for Education did not make that statement, it was the Hon Major Dellipiani.

HON MAJOR F J DELLIPIANI:

Mr Chairman, we did a quick but extensive survey of the whole of the Bayside building and the school also submitted ideas of what they wanted, they wanted to change the material of the floors, etc, not to put right

but to improve the standards of the building as a whole. As I said before, this morning I think it was, always at the back of my mind I am probably thinking to bring it to the standards of Westside because it is natural like a father who has two children and gives a new toy to one and the other one is jealous, it is a natural reaction. I maintain that it is going to be an expensive project to put right and even more expensive to bring the standard which is acceptable, to bring it to a higher standard and that is the explanation I can only give because we haven't really got down to the details of essential work and what is desirable.

HON R MOR:

In fact, would I be right in suggesting that the £400,000 which are earmarked are to resolve the immediate problems at the school as regards the water seepage problem, would that be correct?

HON MAJOR F J DELLIPIANI:

Yes, Mr Chairman, I am grateful to the Hon Member for asking that question. It is obvious that the first problem that we have to tackle will be the water penetration of the building. The major problems of this building for water penetration are - the roofs which, as we all know, are flat roofs and also the design of the windows. The big problem here is and this is why we have a Committee of the Public Works Department and the Education Department and the school is to see how much work we can do to the school without causing disruption, to take advantage of school working days where we can still work in the school and also of course to take full advantage of the summer holidays, Easter holidays and Christmas. It would be difficult, in fact, to spend even more money in that school in one year because of the physical impossibility of the number of days that you have available to work through the whole year especially if we take into account that in winter a lot of roof work may not be able to be done, etc. So it is just a question of the physical ability of doing the whole works and the school still carrying on working through most of the year.

HON R MOR:

Mr Chairman, would the Hon Member agree that in its present state if it were to rain heavily, say, tomorrow, that there is a possibility that the electrical installations might be unsafe?

MR SPEAKER:

I think, in fairness, we are not going to go into the nitty gritty of how the work is going to be done or what would happen if something else happened. We are voting money to put something right and I think generally we should do that but not specifically. You are asking a question which I myself could answer, that if water gets into an electrical installation it would most certainly be unsafe.

HON R MOR:

Mr Chairman, the reason I am asking this is that we are having contradictory statements in this House. The Hon Minister for Education has denied categorically that the school is sub-standard. If we have a school which cannot be used when it rains then it is a sub-standard school.

Head 102 - Schools was agreed to.

Head 103 - Port Development

HON J E PILCHER:

Mr Chairman, during the course of, I think the Finance Bill, I raised the point reference the liner arrivals in Gibraltar and I was told that an explanation would be given as regards the abysmal situation when liners call at Gibraltar and that an explanation would be given at a later stage by, I think, the Minister for Economic Development. Since there has been no such explanation I expected it to come under Port Development and that is why I am now raising the matter.

HON A J CANEPA:

The Forward Planning Committee has been considering - and excuse the pun - in great depth the question of of reclamation in the Port area. There is reclamation at Montagu for housing; reclamation at Viaduct, partly perhaps for housing and partly for a number of requirements that we have for users of the Port including the Port Department, and there is also the question of the current reclamation of Waterport Basin which it is intended to carry on in a westerly direction but not the same width as at present and we also have to reprovide there the Camber berths somewhere along the North Mole beyond the Causeway. In the light of this scenario we are not yet totally sure as to which would be the most convenient place to have the cruise passenger terminal. We think at the moment that it should be next to the existing Port Offices where there is a Degaussing Station. That

Degaussing Station is Ministry of Defence and we think that they intend to reprovide it. Locally the Ministry of Defence would like to reprovide that and move to the tip of the North Mole and that is where the cruise passenger terminal could then go. But one thing is what the local Heads of Services or the Flag Officer would like to do and another thing is whether he will have the funds available to reprovide that Degaussing Station. Broadly speaking, for these reasons, we were not at the stage of being able to take a definite decision as to where the cruise passenger terminal will go. What I can say to the Hon Member is that the likelihood is that it would be the subject of a project application and we would want to meet it out of ODA funds. To that extent the inclusion in this year's Estimates would not matter too much regarding the overall position. If we are able to make good progress in the course of the year then obviously I will come here for a supplementary, we may have to come to the House, in any case, for supplementaries in connection with Port reclamation or development in the course of the year.

Head 103 - Port Development was agreed to.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services

HON J C PEREZ:

Mr Chairman, Subhead 8 - Refuse Incinerator - Consultancy. I made several points in my contribution on the general principles of the Bill and I referred to what the Hon and Gallant Major Dellipiani had said last year in his contribution when he said that money had been put aside on an annual basis for keeping the refuse incinerator going for another four years and I asked whether it was possible to find out where that money was being put and at the same time whether he could, in passing, say what was the use of having a consultancy for the incinerator when he had already said last year that it had come to the end of its lifetime?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I think the Hon Member is slightly confused as to what this consultancy means. First of all, let me say that he is right in saying that the present refuse incinerator is coming towards the end of its lifetime and it is becoming very expensive to maintain. We went through a fairly rigorous programme last year - and we are doing it this year - in the hope to maintain it working for another four years but at the end of those four years, if we are lucky that it lasts four years,

we are going to have to reprovide another system or the same system of the disposal of refuse and this is what I mean. The refuse incinerator is not connected with the collection of refuse but with the disposal of refuse. We have asked for a consultancy and, in fact, the tender for the consultants has only just been selected or in the process of being selected, the Crown Agents have been helping us in selecting the best consultants. What we want, in fact, is for the consultants to come to Gibraltar, realise the problem, whether burning of refuse is the best method, whether by disposing in other places, we have to analyse what type of refuse we have, whether it can be recycled, whether it can be burnt properly in a different manner. We want advice on the best and most economical way of disposing of our refuse. It doesn't necessarily mean that it has got to be another refuse incinerator though it might mean so.

HON J C PEREZ:

That is in looking at the alternative when the Hon Member said last year that there certainly wasn't any money available then and there isn't any money available now and the problem in the incinerator seems to be getting worse every day. Would the consultancy look at any immediate steps to remedy the situation whilst an alternative is found or it is just looking specifically at alternatives which could be a replacement of the incinerator or could be another method of disposing of refuse?

HON MAJOR F J DELLIPIANI:

Mr Chairman, the terms of the consultancy as I can remember and I was involved with it, are very broad but I don't think we were thinking of terms of immediate solutions. What we are trying to do is when we go out to contract for the actual building, if we have to build, as a solution to dispose of our refuse, that we get the best bargain possible so that as soon as possible we vote the money for the new system of refuse disposal. It is not a question that we haven't got any money just now which we probably haven't, it is a question that when we will need the money we want to give the Government the best alternative as to how best to use that money, which is the best method for Gibraltar for the disposal of refuse and that is what it is all about.

HON J C PEREZ:

Mr Chairman, just one other point on Subhead 15, perhaps the Hon Member could again commit himself to giving me a programme of works on the Highways whenever he has it available as he did last year. On Subhead 10 - Sir Herbert Miles Road - Widening, I have held meetings with his Department on the matter, perhaps he could give me an indication when the Department intends to commence these works.

HON MAJOR F J DELLIPIANI:

Mr Chairman, the Sir Herbert Miles Road widening, I am not in a position to give a programme because we are waiting the results of the geological tests which have been carried out. If we are still around I will certainly give the programme. Certainly the highways will be easier, I will give the programme and I hope to stick to that programme as much as possible and if I have to veer from that programme I will try and inform the Hon Member.

HON M A FEETHAM:

Mr Chairman, I see that there is a substantial amount of money envisaged for the re-siting of Hesses' Sea Water Pumping Station which is Subhead 3 - £1,100,000 which is still subject to approval by ODA. Could we have some indication what this is all about? This is the first time we hear about it.

HON MAJOR F J DELLIPIANI:

This is what I would call the heart of all our brackish water system in the whole of Gibraltar. At the moment Hesse is in such a situation, the intake for the water which we pump afterwards through our reservoirs and then distribute around the Rock, the intake is around the Mediterranean Rowing Club and what we are finding is that as that area is becoming more and more enclosed we are going to have problems with the intake of water when it is pumped from Hesse to the Waterworks so what we are thinking for a long-term solution is to be able to fix the Hesses' Pumping Station in an area that no matter what happens in reclamation it will not be affected in the future so we are trying to think long-term and also because Hesses' Pumping Station is not a particularly nice area for a pump to be in, the working conditions are not particularly good and we are trying to make a better working environment and also for the Station to be in a better position to draw all the salt water that we need to pump to our reservoirs which we then recycle around the Rock.

HON M A FEETHAM:

In view that they are thinking about long-term here, can the Minister explain the fact that we have got £100,000 estimated for 1987/88, what does he envisage this will be spent on if at all?

HON MAJOR F J DELLIPIANI:

We think that we may be able to spend that kind of money this year this is why it is reserved, probably on design work, etc. We might be able to start ordering things because they are cheaper now and putting it away. We are hoping to be able to spend some money on that.

HON J C PEREZ:

Mr Chairman, just to say that we are certainly not very convinced that the consultancy over the refuse incinerator is needed, certainly not at that cost and that we will be abstaining on this one which is subhead 8.

On a vote being taken on Subhead 8 - Refuse Incinerator - Consultancy, the following Hon Members voted in favour:

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

The following Hon Members abstained:

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

Head 105 was agreed to.

Heads 106 to 110 were agreed to.

Head 111 - Tourist Development Projects

HON J E PILCHER:

Mr Chairman, in my contribution on the Appropriation Bill, I asked that I would like to be given an explanation as to:- (1) why all the votes of the tourist expenditure were reserved, and (2) whether I could be given some idea of the timetable that we were talking about. One area was explained which was the Air Terminal and it

was explained quite aptly by the Hon Mr Canepa. The other subject was the nature reserve and although there has been correspondence between us I would want to know whether there has been any advance on the information he gave me. Again, various explanations about items like, for example, the coach park, when will it be passed to its new location, what they mean by embellishment at Europa Point? Mr Chairman, seeing the lateness of the hour I have no objection if this is given to me at a later stage outside so that I can then bring the matter up at the next meeting of the House if I so desire or not. What I need is the information, not necessarily to be told now.

HON H J ZAMMITT:

Mr Chairman, I can either do that now which I think could be very, very brief and go through the items quite quickly. In fact, Mr Chairman, Council of Ministers approved and the House approved some expenditure in St Michael's Cave in the last Estimates. We spent that because Public Works were not ready to commence with the work so what we did was we spent the money that was available within the financial year on equipment, that is to say, we bought things that would be used at St Michael's Cave. Hopefully, this year we will be able to spend and have the seats which is a thing we have to do, the toilets which, of course, are very essential up there and lacking very badly and therefore this year certainly that one will be totally taken up. Europa Point, Mr Chairman, I think it was mentioned here earlier on that the Royal Engineers are in the process of doing Nun's Well and therefore that will become another site on stream, I hope, within the next three or four months.

HON J E PILCHER:

If I may just interrupt for a moment, Mr Chairman. I accept that Europa Point will be ready very shortly but is the Government not going to do anything about the general cleanliness of the area before we open a tourist attraction?

HON H J ZAMMITT:

This is precisely what I was coming to, Sir, that Nun's Well because it is becoming a tourist site that we know will attract people to that particular area, the £50,000 that is provided is for the embellishment of the whole of the area from the look out point that is frequented very much by tourists, the two Pillars of Hercules Lookout, so that accounts for that, Sir. The Air Terminal refurbishment works, Mr Chairman, are that we have had a lot of water penetration at the Air Terminal and irrespective of what we do on further expansion, we must stop the leaks and we must keep up the maintenance of the building because it is quite bad when we get severe rains.

HON J E PILCHER:

This will be this year as well?

HON H J ZAMMITT:

Yes, Sir. The Upper Galleries, Mr Chairman, again one of the main problems we have there and note it says Phase 1, is the traffic problem which does not cater for more than three or four or five cars, let alone a coach, so we intend to do some improved road facilities there but the sum we have here, the £16,000, is mainly geared towards the improvement of the toilet facilities in that area which are, again, extremely bad. The nature reserve I think has been explained.

HON J E PILCHER:

No, the nature reserve has not been explained.

HON H J ZAMMITT:

Mr Chairman, one of the forward looking ideas and I doubt if that amount of money will be able to be absorbed certainly this year but we have and we have agreed that we could get a - when I say consultancy I know Members opposite don't like it, but it is a local ornithological group of young men who are prepared to give us their expert advice on the whole area. The whole area encompasses areas from St Michael's Cave, the area immediately above it up to O'Hara's Gun. The idea, of course, is to have a nature reserve park in that area whereby and, again, I do not want to be caught in a vice about what I am going to say now because, of course, the actual details have been thrashed out and I need not say that to provide a monkey park or an ape park cannot be done by telling the apes that 'as from next Monday you will report there'. We have got to make sure that they are taken, coerced or whatever and therefore we have somebody within the Tourist Office who is very experienced in that field, that is precisely why we took him on in his retirement from his previous position. With that, Mr Chairman, it will be a whole area, hopefully, where people can go and enjoy that particular new element of Gibraltar and at the same time, of course, although we do not wish to diminish but we would like to see the traffic flow not being as bad as it is at the present Apes Den because everybody stops there and it is chaotic so if we could move them elsewhere then there would be a stream of traffic on the Upper Rock with more ease. The Piazza redevelopment, Mr Chairman, one can see that already work has begun there and we hope to do this up. I was saying yesterday, Mr Chairman, when you very nicely stopped me when I was talking about the fountain situation, that the whole area requires refurbishment and, of course,

we are inviting, as Mr Canepa has reminded me, suggestions and ideas for the whole area so that we don't have the kind of monstrosity that we ended up with and we all know about. Wellington Front Promenade, Mr Chairman, hopefully, in the not too distant future we would like to see the Nissen hut at the Parish Hall being removed from there, that is within the 'musical chairs' of premises.

HON CHIEF MINISTER:

It is already happening.

HON H J ZAMMITT:

It is already happening. The musical chairs between the Museum, the Deanery and Bomb House and therefore it would open up the whole of Wellington Front as a walkway with Sir Herbert Miles. The Air Terminal expansion, I think we discussed that, Mr Chairman. As for the coach park, well, work has already commenced on that and I think it is Public Works by direct labour who are resurfacing the reclamation that is there and that, I am told, should be ready within the next two or three or four months.

HON J E PILCHER:

All of these with the exception of the Upper Galleries and the nature reserve and, of course, the Air Terminal should happen within this financial year?

HON H J ZAMMITT:

If anything, I would say that the only thing that will certainly not happen this year, certainly in its totality, will be the nature reserve, the Air Terminal expansion will not happen, I think, Sir, and that's about it. I think the rest will happen this year.

HON J L BALDACHINO:

May I, Mr Chairman, ask the Hon Member seeing that all these projects have an 'R' beside them, aren't they the same as the other projects that the Government have in the Improvement and Development Fund, subject to the approval of Council of Ministers?

HON A J CANEPA:

In practice what will happen will be that the smaller projects where the figure involved is £10,000 or £16,000, they will be approved by the Financial and Development Secretary and the much bigger projects will go to Council of Ministers.

Head 111 was agreed to.

Head 112 - Medical Services

HON CHIEF MINISTER:

I think perhaps I should say that having regard to the fact that we have reduced Estate Duty we are providing a new hearse.

Head 112 was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Part I of the Schedule be now amended by the inclusion of a new Head 28 - Contribution to Funded Services amounting to £3,581,900 and where the total of expenditure is shown, that the figures "£58,388,500" be substituted by the figures "£61,970,400".

Mr Speaker put the question which was resolved in the affirmative and Part I of the Schedule, as amended, was agreed to.

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in Clause 2 of the Bill the words "fiftyeight million three hundred and eightyeight thousand five hundred pounds" be deleted and the words "sixtyone million nine hundred and seventy thousand four hundred pounds" be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and Clause 2, as amended, was agreed to and stood part of the Bill.

Clause 3 was agreed to and stood part of the Bill.

Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in lines 2 and 3 of Clause 4, subsection (1), the words "fiftyeight million three hundred and eightyeight thousand five hundred pounds" be deleted and the words "sixtyone million nine hundred and seventy thousand four hundred pounds" be substituted therefor.

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

Clause 5 was agreed to and stood part of the Bill.

The Long Title

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in The Long Title the words "sixtysix million nine hundred and eightyfour thousand four hundred pounds" be deleted and the words "seventy million five hundred and sixtysix thousand three hundred pounds" be substituted therefor.

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

THIRD READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to report that the Finance Bill, 1987, with amendments, and the Appropriation (1987/88) Bill, 1987, with amendments, have been considered in Committee and agree to and I now move that they be read a third time and passed.

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

ADJOURNMENT

HON CHIEF MINISTER:

I beg to move, Mr Speaker, that the House do adjourn until Tuesday the 12th May, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 12th May at 10.30 am.

The adjournment of the House to Tuesday the 12th May, 1987, at 10.30 am was taken at 9.15 pm on Thursday the 30th April, 1987.

TUESDAY THE 12TH MAY, 1987

The House resumed at 10.45 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 Major F J Dellipiani ED - Minister for Public Works
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlethwaite QC - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

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

ABSENT:

The Hon H J Zammitt - Minister for Tourism (who was attending CPA Visit in Westminster)

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

MR SPEAKER:

Gentlemen, before we go on to the First and Second Reading of the Fast Launches Bill I understand that the Hon and Learned the Chief Minister wishes to make a statement.

HON CHIEF MINISTER:

Mr Speaker, during the Budget debate I made some remarks which suggested that there was no enthusiasm on the part of the Leader of the Opposition about the Ministry of Defence in Gibraltar. This statement was made bona fide and on reasonably reliable information. The Leader of the Opposition took exception to the statement at the time and has now written to me asking for an explanation. I have made enquiries and I find that there has obviously been a misunderstanding on the part of my informant. I have no hesitation therefore in withdrawing the statement which was made bona fide but with mistaken information.

SUSPENSION OF STANDING ORDERS

HON ATTORNEY-GENERAL:

Sir, I have the honour to move the suspension of Standing Order 7(3) in respect of the Fast Launches (Control) Ordinance, 1987.

Mr Speaker put the question which was resolved in the affirmative and Standing Order 7(3) was accordingly suspended.

BILLS

FIRST AND SECOND READINGS

THE FAST LAUNCHES (CONTROL) ORDINANCE, 1987

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the licensing of Fast Launches and for regulating their use in the territorial waters of Gibraltar and matters connected therewith, 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the intention is that this Bill should supercede the Port (Amendment) Rules which were promulgated in the Gazette on the 27th November, 1986, and came into effect on the 1st January this year. The Port (Amendment) Rules were made by the Governor under powers conferred on him by Section 19 of the Port

Ordinance and as such, Mr Speaker, the penalties for contravention of the Rules were limited to six months imprisonment which for technical reasons, Mr Speaker, I reduced to three months imprisonment and to a fine of £500 or both. The Rules could make no provision for trial in the Supreme Court. Mr Speaker, in my opinion after receiving representations and considering the matter, the Rules could not properly provide for the forfeiture of launches contravening the Rules and, again in my view, Mr Speaker, the Rules could not properly provide for regulating the use of fast launches in the territorial waters to the south and east of Gibraltar. In addition, the position of bona fide visitors coming to Gibraltar in fast launches was not clear under the Rules. Similarly the Rules made no provision for the testing of fast launches which had been repaired in Gibraltar. There was also a problem, Mr Speaker, concerning the mooring of fast launches at the Camber and Montagu Basin. This Bill, hopefully, Mr Speaker, remedies these defects. Clause 2 of the Bill defines what we mean by a fast launch and it also defines the territorial waters of Gibraltar for the purposes of this particular Ordinance. Clause 4 of the Bill provides for the granting of a twelve month non-transferrable licence to the owner of or a person intending to purchase a fast launch. The fee for such a licence will be fixed by Rules made under Clause 22 of the Bill and this fee will probably, Mr Speaker, be in the region of £200 as under the present Rules. Clause 5 enables the Captain of the Port to revoke a licence if: (a) the launch is used in the commission of any offence under the Imports and Exports Ordinance and such offences, Mr Speaker, include the importation of controlled drugs into Gibraltar; (b) the licence may also be revoked if the owner of the launch is convicted of an offence under the Imports and Exports Ordinance, the Merchant Shipping Ordinance, the Port Ordinance, this particular Ordinance or under the Drugs (Misuse) Ordinance. In the case of the Drugs (Misuse) Ordinance, Mr Speaker, there must be a sentence of imprisonment awarded on the conviction, a fine will not be sufficient to disqualify him; (c) similarly the licence may also be revoked if a person, be he the owner or not, commits an offence under those Ordinances whilst in charge of a fast launch; (d) the licence may also be revoked if without the approval of the Captain of the Port the launch is fitted with more powerful engines. Clause 6 of the Bill provides for appeals to the Governor against the revocation of a fast launch licence. Clause 8 of the Bill enables the Captain of the Port to grant non-transferrable permits valid for up to fourteen days to visitors who are not resident in Gibraltar. By Clause 9 the owner and any person who uses or is in charge of a fast launch within the territorial waters without being in possession of a licence is liable on conviction in the Magistrates' Court to a fine of £10,000 or in the Supreme Court to a fine of unlimited amount and to imprisonment for two years. Clause 10 of the Bill

enables a licence holder to give written authority to a person to use or be in charge of a fast launch on a specific date and for a single voyage and this authority may be given provided that the person so authorised has not been convicted of offences under the Imports and Exports legislation, under the present Ordinance or under the Drugs (Misuse) Ordinance. Penalties for breach of this Clause are the same as in the case of unlicensed user. Clause 11 of the Bill imposes similar penalties for using a fast launch within the territorial waters between the hours of 10pm and 7am. Clause 12 provides that on conviction in the Supreme Court for using or being in charge of a fast launch without a licence; for using a fast launch within the territorial waters between the hours of 10pm and 7am, or for authorising a fast launch to be used by a disqualified person the Court - and that is the Supreme Court - may order the forfeiture of the fast launch. Clause 13 of the Bill makes it compulsory for a person in charge of a fast launch to report its arrival and departure at the Reporting Berth. The penalty for breach of this Clause is a fine of up to £2,000 and this is by Clause 21(1)(a). Clause 14 prohibits the mooring of fast launches at the Camber and Montagu Basin except with the written approval of the Captain of the Port. Penalty for breach of this Clause is a fine of up to £2,000 and that is Clause 21(1)(g). Clause 15 sets out the identification markings of fast launches. Penalty for breach of this particular Clause, again is £2,000 under Clause 21(1)(h). Clause 16 prohibits the modification of existing engines or the fitting of new engines to give more power and that is without the written approval of the Captain of the Port, again penalty for breach of this particular Clause is £2,000, Clause 21(1)(b). Clause 17 prohibits the modification of approved fuel tanks and the carrying of fuel in other than approved tanks without the written permission of the Captain of the Port, breach £2,000, Clause 21. Clause 18 permits mechanics approved by the Captain of the Port to test fast launches which have been repaired or adjusted in any shipyard or Marina. Clause 19 provides for the annual survey of fast launches by the Port Department Surveyors. Clause 20 requires persons in charge of Marinas or places where vessels are berthed, moored, stored or repaired to furnish the Captain of the Port on his request with particulars of all fast launches berthed in such places. Clause 22, Mr Speaker, provides for the making of regulations. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON J BOSSANO:

Mr Speaker, we are not happy with this Bill and we were not happy with the Regulations. The Bill has been projected in the public eye as being a measure to prevent smuggling although, in fact, the word smuggling does not appear anywhere in the Bill. We think that there are less cumbersome and more effective ways of preventing smuggling than this piece of legislation, quite frankly, and although the Hon and Learned Attorney-General has by inference and by referring to the Imports and Exports Ordinance and the Drugs (Misuse) Ordinance and so forth, presumably assisted that impression. The reality of it is that this Bill seems to, in some ways, be an interference with certain basic rights that people enjoy everywhere in the Western world and is reminiscent of the legislation introduced by the Government which we opposed which made it an offence to fall asleep on a beach. If you will recall, Mr Speaker, we found it extraordinary that that could be made an offence under the legislation and the only justification the Government could find was that Police Officers would be asked to use their discretion in who they woke up and who they arrested. But nevertheless, there it is, it is on our Statute Book and it is an offence against other laws. Here we have got a situation where even if somebody is licenced and, surely, the fact that their licence can be revoked if the person commits an offence or presumably that the licence can be denied if the authorities have reason to suspect that the person wanting the licence wants it for something that is not bona fide and above board, they can say no to granting the licence. What we cannot understand is once you give the licence why people are not allowed to use it after ten o'clock at night because surely if they have been given the licence it must be because they can be trusted to operate the launch for legitimate purposes so why is it then necessary to impose such draconian fines. It seems extraordinary that people should be licenced, should be charged a fee and then should not be allowed to enjoy their property at whatever time of day or night they want to enjoy it. We don't think that there is anything comparable in the rest of Gibraltar's legislation and we don't know of any other country that does it. If there is then we would like to know where the precedent for this comes from. Do our neighbours stop people coming out of Banus or wherever after ten o'clock at night in fast launches or is it that they are free from the scourge of smuggling? I trust we are not changing our legislation at their request or for their benefit, I trust that we are doing it to protect our own economy which we are entitled to do and to protect our own people from any introduction of drugs in Gibraltar which I think we are all in agreement must be stopped. But to stop what is wrong, I think one must not transgress the limits of what is normal in a Western democratic society of people being given

certain rights which they are entitled to enjoy. I also understand that the Regulations and, indeed, the principles underlying this law are being challenged in Court and if that is the case - well, that is what I understand, if it is not the case then I can be corrected, Mr Speaker, but that is my understanding of the situation - if my understanding of the situation is accurate and my informant, like the Hon and Learned Chief Minister's informant, is reliable and assures me that that is correct and presumably we are all free to use our informants until we find out better, my informant tells me that that is the case and consequently I do not think it is a good thing to have or risk a repetition of something that has happened once which I have quoted on more than one occasion in the House because I felt very upset that I was the only Member of the Opposition who supported the Government on a Bill giving consumer protection inspectors the right to enter premises and look at books and so forth, as it were, without prior warning and pounce on possible culprits infringing the law and I thought the Government made a very strong case in protecting consumers' interests and I supported it. That was challenged in Court, it was found to be unconstitutional, the Government had to come back and repeal the legislation because they were ordered to and they said they would find another way of achieving the same objective and I am still here patiently waiting for that to happen. I think if there is any risk that this law can be challenged I don't think it is a good thing for the House of Assembly to proceed with a law which is subject to a challenge in Court and where we might find ourselves in a situation such as the one I have quoted because I don't think it does the parliamentary or legislative process any good to be shown up to be, if you like, Mr Speaker, so incompetent that it doesn't know itself what it is allowed to do by the Constitution and have to be told by the Courts that it is overstepping the mark. I think those are the main objections in principle. I am also perplexed and perhaps the Hon and Learned Attorney-General can clear up the matter for me because when we have the penalties here, are we saying in this legislation that the fine has to be that or that it can be anything below that?

HON ATTORNEY-GENERAL:

Up to that.

HON J BOSSANO:

Looking at the superficial wording it appeared to be saying that people have to be fined £10,000 however menial the transgression. I think, really, Mr Speaker, basically our message is we support any measures that are deemed necessary and that are going to be effective to prevent either smuggling or to prevent the sale or

the abuse of drugs and we are totally committed to that as the Government is but we think that this law seems to be doing much more than that. For example, we are creating responsibilities, liabilities I would have thought. We have got a map here which shows a huge area around Gibraltar as our territorial waters, I hope they are accepted as ours by everybody else outside the House of Assembly, but who is responsible for patrolling the territorial limits of our territorial waters to make sure that ships that are fast launches as defined by us do not stray over the line we have marked on that map? Do we have the resources to do that? And if not, what are we doing, we are creating a law where anybody that comes within a certain distance of the Rock even if they have no intention of calling in, one of the fundamental changes here and which the Hon and Learned Attorney-General mentioned was that under the Regulations that were being made we were talking about people operating out of the Port of Gibraltar and that to us made more sense, quite frankly, because if we want to put restrictions on what people do or what we allow them to do coming in and going out of Gibraltar it seems to me one thing and then to say 'We are now going to extend that to what people cannot do when they go past Gibraltar within a certain distance from us' because unless I have misunderstood it, my reading of it is that if they go into our territorial waters and out of our territorial waters on the way to somewhere else and coming from somewhere else, presumably for the period that they are within the territorial waters they are committing an offence as the law is being drafted. If that is the case I am not sure that we have got the right to legislate for passers-by and interfere with the international passage of people past Gibraltar.

HON ATTORNEY-GENERAL:

Mr Speaker, if the Leader of the Opposition will give way one moment. The present position, of course, aiming at vessels loaded with drugs on its way from Morocco to Spain which comes into our territorial waters, it skirts through our territorial waters, of course, it commits an offence. Any other vessel coming through our waters with contraband or anything of this sort also commits an offence. We are not interested in vessels going through our waters as part of an international voyage. By making it the territorial waters of Gibraltar, we have changed nothing because they would still be offences under the existing law now to convey drugs in Gibraltar, they would be in the territorial waters with possession in Gibraltar. So we haven't changed anything there, we have got out of the Port of Gibraltar because believe it or not, Mr Speaker, the Port of Gibraltar extends on the Western side of Gibraltar right up to the median line and right down to Europa Point and that is still the Port of Gibraltar so that is one of the problems.

HON J BOSSANO:

Mr Speaker, what the Hon Member has said seems to confirm our concern not cure it. If we already have under existing legislation the power to do something about people who commit an offence because they are carrying contraband or drugs then what do we need this law for? Presumably for the people who are not carrying contraband or drugs because that is already covered by the existing law so the people who today go through our territorial waters without carrying contraband or drugs, carrying tourists in a fast launch today under the existing law would not commit an offence but under the new one would because they would be in a fast launch carrying tourists not contraband and not drugs. We are in favour of Gibraltar being a place which disapproves of drug smuggling and is not, in fact, giving cover or giving encouragement to that. I do not think anybody in Gibraltar feels any different on that issue but the point is if that is already included in our legislation what is the new legislation doing in that area? It seems to us it is doing nothing in that area, it seems to us that what it is doing is to say: 'Well, to make doubly sure that we catch somebody who might be doing it we stop everybody' and that is a principle which is a serious principle politically that we have to address ourselves to. We do not say as a pre-empting measure because there are people who commit burglaries at night we will introduce a curfew and then we arrest everybody after ten o'clock at night and if we arrest 1,000 people one of the 1,000 could be a potential burglar. So what we do is we stop every fast launch in the vicinity and if there are 100 fast launches one of them could be smuggling. If that is not the intention and I would imagine it is not the intention because it cannot be defended as being the intention, then that appears to be, technically, on paper, what we are doing. To then say 'Well, alright, but in the application of the law we are going to use discretion and commonsense and so forth' is not a principle which we support because we think that, effectively, we have a responsibility in this House for legislating and we have a responsibility for passing laws which may be good, bad or indifferent or popular or unpopular but we have to stand by the principles of what we consider to be good for the community as the people's representatives but if we then pass a law that says one thing and then we say the people who are given the responsibility of applying the law are additionally going to be given the responsibility of interpreting selectively who they apply the law to, then it is not a good thing and I do not think it is a good thing for those who have to have that responsibility either because it opens up all sorts of avenues of accusations of discriminatory treatment and so forth which is not a good thing for law enforcement agencies to be saddled with. I hope the Government will understand that the disquiet and

the doubts that we are expressing are totally above board and not because we want to do anything to be obstructive. If there is a serious problem connected with things like drug smuggling which the Government feels it needs to clamp down on, if that is important and that is in existence and they are worried about that they can count on our support to do what is required but I think what we are saying to them is let us do a proper job of it and not find ourselves creating a bigger problem in many other areas than the one we are trying to cure because, presumably, part of the reason for the Bill is that the Rules that were passed are not all that easy to apply and enforce and we don't want to find ourselves with a law that is no easier to apply and enforce and that creates challenges which were not intended by the Government but which they may find themselves having to face.

HON CHIEF MINISTER:

Mr Speaker, in the first place, I think we ought to remember that we already have a law which imposes a curfew on fast launches which was done by Regulations and, in fact, that is the law the constitutionality of which is being questioned. In this case the Hon Leader of the Opposition's informant is also mistaken, there can be no question of anybody challenging the constitutionality of a law that has not been passed until it is passed in the form that it is passed and then it is put to the test. What is being spoken of is questioning the constitutionality of the Rules and it is because it may well be that the Rules do not achieve what we wanted as I think I explained to the Leader of the Opposition in a note I sent him about the amendments which have been dealt with by the Hon and Learned Attorney-General, I don't propose to deal with it, but I did say that the experience gained from the law which had been in force for three months during this period had not only brought to light certain defects in the legislation but had also brought forth recommendations for the strengthening and enforcement of the legislation. It is proposed that this can be overcome and the recommendations on the strengthening and the enforcement of the legislation can be given effect by a substantive Ordinance. In fact, we are going one better in that respect since the Fast Launches Regulations were passed without reference to the House, they were passed as subsidiary legislation. Now we bring the legislation here for consideration. True that in the course of the study of the matter it has been found necessary to strengthen that legislation so that, in fact, there can be no question of the constitutionality of it being assaulted on and, in fact, having regard to that and having regard to the fact that we are going to have a longish period between the Second Reading and the Committee Stage, it is precisely for that reason that we advanced with the consent of

the Leader of the Opposition, we adjourned the House to deal with this case in order that people should have ample time to make representations within the law. But let it be understood quite clearly that the law is meant to stop smuggling and, particularly to stop smuggling in drugs which the Government and the Opposition, quite clearly, want to clamp down on. It is quite clear that we are in a strategic situation in which drugs pass from one country to another and Gibraltar can and is being used for this purpose. We may or may not pass the legislation in all the terms in which they are here and as I told the Leader of the Opposition we would be quite happy to look at any amendments that deal with the problem that worries him but it is quite clear that the legislation is intended to stop drug smuggling. The other point made by the Leader of the Opposition is the question of the jurisdiction of the Port as appears in the Schedule. That is what we claim to be our territorial waters and we claim it on the basis of ordnance maps and on the basis of practice over 200 years and therefore it is not acquiring or encroaching we are defending the same as we do in other areas where the sovereignty of Gibraltar is questioned, we are defending what we consider to be the legal position with regard to the territorial waters of Gibraltar. And it is precisely for that reason that we have defined it in the plan in this way so that there can be no doubt about it and the question of constitutionality arising in other forums and not just in the courts of Gibraltar. It is on the basis of charts which have been observed on the median line and on the basis of what is the interpretation of the territorial waters in our legislation that that is done in order that there should be no mistake in definition. The definition is there and if it is questioned we can defend it. The main point, I think, which already exists apart from the penalties, the main point which is for consideration which is a point raised by the Leader of the Opposition is whether, in fact, if you licence the launch you can impose restrictions on its movement. Well, we think not because we think that the kind of activity that these launches indulge in are obviously not done in the light of day. It is done particularly when it isn't full moon and when very little is seen so that the illegalities can pass much better. Some of the other provisions in the Bill in respect of power and in respect of adding capacity and so on, it is all intended to prevent launches being faster than they are meant to be because they are made precisely faster in order to get away and nobody in his lawful pursuits and business need worry about these Regulations because fast launches are used mainly for what we know they are used and the definition we are giving them is clearly the definition which suits the particular instrument that is being used now to defy the law, that is quite clear and that is why the limitations are put in that way. As I say, the Government, of course, proposes

to proceed with this at the Committee Stage at the next meeting of the House but if, in fact, within the difficulties that have been mentioned by the Leader of the Opposition he wants to clear up or to suggest any amendment that might make it less unacceptable to him we will be happy to consider them but as I told him in a note, please with a little time so that we do not have ad hoc amendments which normally are quite dangerous.

MR SPEAKER:

Are there any other contributors to the debate?

HON M A FEETHAM:

Can I just make one point. I have got a press cutting here which, of course, the Chief Minister may know of it from last year, it says: "Rock's squeeze on drugs" and that the Government were bringing in very strong legislation to clamp down on drug smuggling and so on and the Chief Minister is quoted here as saying: "We are very concerned about the amount of drugs which pass through Gibraltar and we shall be announcing within the next four to five weeks a series of new measures aimed at curtailing activities of those people engaged in this trade". Are we saying in the House today that this legislation which we are introducing and, particularly, restricting the movement during certain hours is, in fact, going to control the movement of drugs through the Straits? That is to say, are these sort of regulations going to be introduced by the Spanish authorities because clearly whether we say so publicly or not, we understand that there is liaison between the Spanish authorities and the Gibraltar authorities in this area, do I take it that there will be similar law enforcement in the Straits because, clearly, this will not stop drug smuggling across the Straits, this will not stop it. The press built it up not only on drugs but also on contraband, they use the word contraband here and presumably they are talking about tobacco, are we legally or illegally exporting tobacco from Gibraltar? As I understand it under the Imports and Exports Ordinance tobacco can be exported from Gibraltar provided you pay your duty from the bonded stores and you are away. Are we depriving people with this piece of legislation from exporting tobacco from Gibraltar because, as I understand it, some of these launches were operating perfectly legally and have been doing so in the area of exporting tobacco. I would like to clear that one as well.

HON CHIEF MINISTER:

If the Hon Member will give way it will give me an opportunity of answering that and then he can carry on. In the first place, let me make it clear that there has been no consultation at all with anybody about this legislation except within Gibraltar. Whether it fits or it doesn't fit the laws of neighbouring countries including Spain is a matter that they will find out. I know that they have welcomed it because I think there have been references in the press to that but we have not consulted anybody about this except within Gibraltar so that this is not the result of any agreement with anyone about it. We are, in that respect, sovereign and self contained and we do what we think is right. If it coincides with the interest of other people, well, in pursuing something illegal that they want to stop so much the better, if the interest coincides it is alright so there is no question about any joint action. There is, of course, joint cooperation in detection, that is different. With regard to the other question, of course, contraband is anything which is moved about without a permit. Tobacco can be contraband somewhere else which is not contraband in Gibraltar. Tobacco can be contraband in Gibraltar if it is exported contrary to the provisions of the Imports and Exports Ordinance so that in that respect the practice is there of giving permits for the export of tobacco for bona fide business and the legislation is not intended to interfere with that in the way it is being done now. I know that people don't like sometimes the restriction that is imposed now but on the other hand there are realities to be taken into account and occasionally there are factors which exercise the mind of those who have to give the permit there is no intention, if it were only for that we would not be here with this legislation. If that satisfies the Member, I hope that he will see that it is not intended for that. The practice of giving permission for goods that have not been imported fully into Gibraltar pay duty exported in order to ensure that it is not re-imported into Gibraltar without duty which used to be a fruitful business to say you were exporting cigarettes out of Waterport and then bringing it in through Catalan Bay. There have been many offences of transporting tobacco from Gibraltar from one side to the other on which no duty has been paid. That continues to be the case and that will also be an element in the judgement of those who have to give permission for the export of tobacco. We have to make sure that we perform in a reasonable manner in respect of proper exports to proper and adequate places and you cannot just blind your eyes and pretend that the little speedboats of eighteen feet can carry 100 cartons of cigarettes, that is unacceptable and in any event and in any case I can imagine it is quite dangerous. In that respect I would like to reassure the House that there is no intention of altering the

practice now and everything that is in the legislation is subject, of course, to the necessary permits being given in respect of goods which are recognised. Tobacco is recognised, it does a lot of harm, I understand, but it is recognised. I read this morning that the Economic Community proposes to ban cigarettes because it is bad for them and for us - I don't know for who - restricting the duty free element of it. Well, I do not think that that is the way to stop the danger but the proposal is that the legislation is meant to cope in dealing with materials, whatever it is, that is not licit and nobody can say marijuana or cocaine or heroin is licit anywhere except perhaps in Colombia.

HON M A FEETHAM:

I am grateful to the Hon and Learned Chief Minister for the explanation given because the way I see this when we are talking about tobacco which is the one that I am interested in from the point of view that if we have a legitimate business to export we should not deprive people from using that because the law is there. This will be restrictive, as I see it, it will be restrictive in that activity but on the other hand whilst we seem to be playing a role in clamping down on the illicit businesses, if you were to go to Ceuta and Melilla; which are Spanish territories, at any given day you will see thirty or forty launches there all used for the purpose of exporting tobacco. Where it goes I don't know. What we are doing by restricting our business, in fact, in many ways is going to help Ceuta and Melilla with their exports.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I have heard with interest the Hon Leader of the Opposition's contribution to this Bill. I am glad he has shown concern and I didn't expect anything other than support. I hope he takes the Chief Minister's offer that any suggestions he has to strengthen and make it really effective he will do this. I think it would be of interest for the Hon Leader of the Opposition to know that there are three departments who have helped in drafting, not including the Hon Attorney-General's Chambers, three departments involved with the drafting of this Bill because they are the ones who have been putting it to work and I refer, of course, to the Police, the Customs and the Port Department. With regard to the ability of law enforcement the three agencies are quite happy that this is good for them. Maybe they haven't seen some Clauses which the Hon Leader of the Opposition has seen but the suggestions that we have incorporated in the law have come basically from them so they are quite happy. The other point that concerns me is the question of the right of people to use speedboats whenever they want. I think one must be realistic about this.

If we are talking of a fast launch and I am told that some of them are capable of doing up to sixty knots, who wants to travel in the dark at night at sixty knots, he is just asking for trouble for himself even with radar and for people in the vicinity of waters which are heavily used. If I have a fast launch and I love the thrill of speed, I would certainly do it in the daylight hours. The other thing that they are strengthening is that a lot of the people who own fast launches which are pretty expensive, we are talking about £40,000 or £50,000, where the hell has the money come from? This is one question I ask myself. How can somebody afford a launch of £50,000, where did the money come from originally? I am also concerned because I was Minister for Labour for three years, that the crew members of some of these fast launches have claimed unemployment benefit and supplementary benefits and they drive about in BMW's. The Income Tax Office should have a look at this, the investigation side. I think the fact that we have introduced a curfew shows that Gibraltar really has not got the ability to chase these launches and this is a way of doing it, through curfew and making them report because quite obviously if a launch travels at sixty knots there is no way, in fact, any of the Customs services can chase them unless they have got helicopters. The question of the true territorial waters is a good point made by the Hon Mr Feetham. Obviously, we are not going to be able to do anything about people who skirt through out territorial waters at fifty or sixty knots, we cannot do anything, we haven't got the facilities, but if they happen to break down in our territorial waters then we can catch them and it is certainly a deterrent the fact that if anything happens they are breaking our laws but I think the Government is quite realistic that in reality we cannot do much. On the question of the territorial waters I share the view of the Hon Members of the Opposition. This has been a known fact for many, many years. I gather there is a guardship somewhere which is earmarked for Gibraltar, probably about 48 hours or 56 hours away from Gibraltar. It is no damned good if we want to enforce our territorial waters if there is no guardship in Gibraltar and the whole idea is absolutely ridiculous. If we want to maintain our territorial waters we have to have the presence to maintain the territorial waters. To have a guardship nominated somewhere in the UK is absolutely ridiculous. I hope that the Opposition will show their concern by submitting constructive ideas on how to implement the law, safeguarding the genuine fast launch people but also doing something about the people who aren't so genuine. I am concerned about the tobacco export business, I feel Gibraltar has been absolutely stupid over many years when we were enduring the economic blockade by trying to reduce the exports. If you go to Ceuta now and you say: "I want to buy ten million cases of tobacco",

nobody is going to say: "Where are they for?" If you went to buy video recorders, they do not want to know why, if you went to Rotterdam they are not interested but we are interested, I think it is stupid, quite frankly. As long as you are not breaking the laws of Gibraltar we should give every possible help to people who want to export from Gibraltar.

MR SPEAKER:

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

HON ATTORNEY-GENERAL:

Mr Speaker, I am satisfied after consulting with the Commissioner of Police, the Customs Department and the Port Department that we can police this legislation throughout the territorial waters of Gibraltar and in case there are any susceptibilities about the use of the territorial waters of Gibraltar we have very carefully put it twice in the Ordinance, 'territorial waters for the purposes of this Ordinance'. That is in Clause 2 and in the Schedule.

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 E Thistlethwaite

The following Hon Members abstained:

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

The following Hon Members were absent from the Chamber:

The Hon H J Zammit
The Hon B Traynor

The Bill was read a second time.

HON ATTORNEY-GENERAL:

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

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I beg to move that the House should resolve itself into Committee to consider the Gibraltar Heritage Trust Bill, 1987, clause by clause.

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

THE GIBRALTAR HERITAGE TRUST BILL, 1987

HON J BOSSANO:

Mr Chairman, can I just make a general point? I hope we can go rather slowly through the Committee Stage.

MR SPEAKER:

We are going to go most certainly clause by clause because there are a fair amount of amendments.

HON J BOSSANO:

Because there are a lot of amendments. We had an advance copy of this on Friday but even so it isn't clear from the amendments, having discussed the general principles of the Bill, how the general principles of the Bill are being changed by very substantial amendments and whether, in fact, the Bill is being taken in a different direction from the one it was originally envisaged.

MR SPEAKER:

I have instructed the Clerk to call the Clauses one by one.

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

Clause 2

HON ATTORNEY-GENERAL:

I beg to move the amendments in the terms set out in the notice of the 8th May, Mr Chairman, to insert in their appropriate alphabetical order the definitions of "antiquity", "elected trustee", "Vice-Chairman". To delete the definition of "conservation area" and to put a capital letter in the word "Chairman" in the two places where it occurs.

HON CHIEF MINISTER:

Before the Attorney-General sits down if he would give way, I would like to make a few general comments on the amendments. It may help the Hon Members opposite if I explain a little of the rationale of the amendments. In the first place, it does not in any way alter the general principles of the Bill. But there is no doubt that the original draft was done in a little haste and that more time given and more research given has shown that there are quite a number of amendments that are required and let me say, first of all, that both the original Bill and the amendment do not come out of anybody's mind originally but they are based on the National Trust Acts in the United Kingdom who have very wide experience in these matters dating back to 1907 of which there have been quite a number of Acts upon which we have been able to draw. Of course, this has been the subject of discussion particularly with the Chairman of the intended Heritage trustees and others interested and that is why we wanted to have more time at the Committee Stage. These things, as I said before, the first National Trust was enacted in 1907 and as the activities of the Trust expanded and in the light of experience, amending Acts were passed in 1919, 1937, 1939, 1953 and 1971, they have had the benefit of all those amendments to consider which were applicable. We hope that the amendments that we are now proposing in the Bill will be as right as we can make them - I don't mean as right in terms of politics - I mean as proper as we can make them. If, however, as in Britain experience shows that further changes are desirable, the House will be invited to consider these in due course because we are creating something very big and we cannot just pretend to get it right from the beginning in the light of experience. The reason for many of the amendments now proposed will be self evident and the Attorney-General, no doubt, as he has just said, will comment on those which are important in terms of policy. The major policy issue is that of the acquisition and disposal of land, which includes buildings, by the Board. The new Clause 5A declares that lands vested in the Trust shall be inalienable so that once you give land to the Trust they cannot dispose of it and that is very important if we are going

to aim to encourage people to give us money to help in maintaining the Heritage. That stems from Section 21 of the 1907 Act which has permeated throughout all the legislation. The purpose of it is that the reason for vesting land in the Trust is that they shall be held for preservation for the benefit of the community. They may not therefore be sold or mortgaged and, indeed, in Britain this is regarded as we do here as crucial and unique. In 1919, however, it was found in Britain that notwithstanding the inalienability of land held by the Trust, it was desirable that the Trust should be able to grant leases subject to the approval of the Charity Commissioners and to confirmation by Acts of Parliament. We propose that a similar procedure should be followed here and the provision is accordingly made for this subclause 3(b)(ii) of the new Clause 6. The only variation we propose is that confirmation of the House of Assembly should be by resolution and not by Ordinance, we haven't got that amount of property that would require that and I think it would be cumbersome if we made an Ordinance every time we wanted to change so that the apolitical approach to this matter has been preserved by dealing with this matter and another matter by virtue of a resolution of the House so that it is not a basis of any particular Government but of the policies generally of the Trust and of the House. However, it is important that the grant of leases of lands held for preservation should be subject also to confirmation by the House of Assembly. For example, take the Northern Defences. If the Trust is given the Northern Defences and they think that it is in the best interest of Gibraltar that they should lease it to a developer or to somebody who is going to run it, then that could only be done with a resolution by the House of Assembly so that the proposed lease or whatever arrangement would come under the scrutiny of the House of Assembly. Let it be quite clear that this is not an opportunity that is being given to the Opposition, it is a right that is being given to the House. The Government may not be happy in any particular case when the Trust wants to do something so it isn't just a safeguard for the Opposition, it is a safeguard for Gibraltar that the exercise of these very wide powers are only done subject to the House of Assembly. First of all, it maintains the independence of the Trust and it makes the decision non-political. The Opposition in the Second Reading of the Bill expressed the view of the importance of the Trust as we did and the matters connected with it being non-political and the subject of a bipartisan approach. That is why the subclauses which we have included in Clause 6(3)(b)(i) will give various guidelines. As to the acquisition of land Clause 6(3)(b)(i) as will be explained by the Attorney-General - I am just explaining the principle to make it easier when we come to it - provides that no land other than Crown Land may be acquired by the Board except with the approval by resolution of the

House of Assembly. It was thought that it might be possible in years to come if the Heritage had a lot of money and there wasn't property out for sale not from the Crown, privately, and the Trust felt that it was better to keep it like that forever they might find that and do nothing with it. Well, that might be justified if the property was listed or had any historical connotations and so on but if, in fact, it was done simply because they had money and they don't want development, they cannot do that without a resolution of the House, to purchase property other than property being given by the Crown. Because when property is given by the Crown the Crown can put conditions on the property which is in the spirit of the Crown.

HON J BOSSANO:

Mr Chairman, if the Hon Member will give way. Doesn't in fact the original Clause 3 which is being amended just by qualifying it to say 'in Gibraltar' it gives the power to the Trust, in fact, to hold, take, deal and dispose of lands and other property virtually as if we were talking about an investment strategy.

HON CHIEF MINISTER:

No, it is qualified by Clause 6. When it comes to Clause 6(3) you will see that the amendment made there says that any transaction under 4(3) will be subject to the approval by resolution of the House of Assembly. It says: "Without prejudice to the generality of Section 4 it shall be the duty of the Board (so far as practicable) - to promote and secure the preservation; to promote the public's enjoyment" and so on and then there is a proviso.....

HON J BOSSANO:

Mr Chairman, if the Hon Member will give way. When we read the original Clause 3 it appeared to us that what we were saying here is that the Trust can have virtually an investment portfolio as if it were an investment Trust or a company where it can use its spare cash, as it were, to hold and buy and sell lands and other property. We are then qualifying in the new section that as far as land is concerned they cannot do that without a resolution of the House of Assembly unless it is Crown Land. But presumably they can do it with other property still?

HON CHIEF MINISTER:

No, Crown Land doesn't require it.

HON J BOSSANO:

I accept that Crown Land doesn't require it, that is what I am saying. The new amendment brought by the Government specifies that in exercising their powers under Clause 3 if the land in respect of which they are exercising that power is not Crown Land it requires a resolution of the House. But what I am saying is the power says lands and other property so presumably they can still do it with other property independent of whether it is Crown Land or not Crown Land because they can buy old masters and sell them which is other property. If we don't want them to do that then certainly by putting a limitation on land other than Crown Land we are not stopping them. I thought that the original Clause which was there was put there deliberately and the only change that I see there is that we limit the property to property in Gibraltar, presumably for what was said during the First and Second Reading of the Bill where Members in the Government said that they were concerned to have a situation where the Trust might decide to invest its money in the preservation of historic sites somewhere else in the world, so that is presumably why we are adding the words 'in Gibraltar' here. But it seems to me that if we are saying 'land and other property' and then we put a limit on land we are still leaving it wide open with other property.

MR SPEAKER:

I think the Hon and Learned Chief Minister has made general observations as to what the different amendments are going to be but unless we are careful we are going to get confused. These are very valid points but let us make them at the time that we come to each particular Clause.

HON CHIEF MINISTER:

I just want to clear one or two points of a general nature. Let me say that it was the Government, looking at the draft Bill, that was concerned about the power given in the draft Bill for the Trust to acquire property. It was the Government who introduced that limitation of the Trust which they thought at the beginning, well, prepared by the draftsman at the beginning, that we were concerned with that and the only way in which we could exercise that concern would be to limit because we have to find a middle way in which the Trust do not feel that they are restrained from carrying out their lawful and rightful responsibilities given to them, the way in which we thought we could limit that would be by making it necessary to have a resolution of the House of Assembly for the acquisition of land other than Crown Land because Crown Land will carry the conditions that the donors want. The vendors need have no conditions

but the acquisition by the Trust without limitation would give them a right to do something that we thought they should not be able to do except with the approval of the House of Assembly. I have made those general remarks because that really is the mainstay of the philosophy that we have adopted since the Bill was prepared.

MR SPEAKER:

I will remind the House that we are on Clause 2 which is exclusively adding certain definitions. Is there anything to be raised?

HON J BOSSANO:

Since we are in Committee Stage, Mr Chairman, could I just make a point as regards part of what the Hon and Learned the Chief Minister has said about the thing being put in a way which reserves the bipartisan support of the Trust. I am not quite sure how the fact that we are talking about resolutions of the House, how that guarantees that something will have the support of the whole House. Am I not correct in thinking that a resolution of the House can be carried by a Government majority just like an Act can be carried by a Government majority?

MR SPEAKER:

What the Chief Minister did say was the fact that this was being brought for approval by resolution of the House not just exclusively for giving an opportunity to the Opposition to express views but that the Government itself might not be ad idem with what the Trust will want to do and therefore they have the extra authority and the extra protection of being able to come to the House.

HON CHIEF MINISTER:

If I may just say one thing, Mr Chairman. In that respect really the initiative does not come from the Government, the initiative comes from the Trust who seeks the approval of the House. We may in some cases say we think it is alright but the Opposition may say no and then, of course, it is carried by a majority but it may be that we are all in agreement that it should not be done and the best message that the Trustees can get is that it isn't acceptable. There is no guarantee that anything can be done, it is not a constitutional amendment that we are writing into it to say 'You must have a two-third majority' or anything like that. In any case it is not unrealistic, it is unrealistic here because either you have a majority or you have not got a majority. You cannot have a two-third majority like you have in big Parliaments where you have rather a big element of support.

I think we ought to explain that it is the Government that is concerned about how the Trust carries out its functions and in doing that we make it subject to approval by the House by resolution. It is not a Government partisan view but a Government concern which will be shared and discussed in the House.

HON J BOSSANO:

I think therefore let's put it in its proper context because what we are saying is that the Government is concerned about its ability to control the Trust because if the Trust wants to do something and the Government does not agree and it comes to the House for a resolution, then the Opposition may agree with the Trust and get defeated by the Government or the Opposition may disagree with the Trust and get defeated by the Government. Essentially what this is doing is giving power to the Government of the day, hopefully with the support of the Opposition but independent of the support of the Opposition, to tell the Trust what it can do and what it cannot do. That is really what we are doing.

HON CHIEF MINISTER:

In substitution of an Ordinance which the Government, like we are doing this one, would bring if the Government of the day would think it necessary that it requires an amendment of some substantial nature, eventually it comes as an Ordinance and it has to be dealt with in the usual way. What I want to stress is that our approach to this is exactly as stated in the debate on the Second Reading by the Leader of the Opposition that it is apolitical. That I want to stress and I think I have said enough on that.

MR SPEAKER:

Coming back to Clause 2, are there any further comments on the alterations to the different definitions?

HON J BOSSANO:

We are, in fact, Mr Chairman, extending a definition of what Gibraltar heritage is to include books and records and all sorts of things which, I think, goes beyond the way that it was presented originally. Originally we were talking really about primarily land and bricks and mortar, I thought. I accept that we are doing something new and that we cannot expect to get it exactly right the first time as the Hon and Learned Member said but we seem already to have widened the scope enormously in this Bill and this is an example of it and we are rather surprised because, in fact, when the general principles of the Bill were being discussed the impression

we got from the contribution of some Government Members was that they were unhappy about the extent of the powers of the Heritage Trust and that we could expect amendments and we then find that there is an awful lot of things where apart from the one we have just mentioned about a resolution of the House when it comes to disposing of land or purchasing land that is not Crown Land, apart from that, most of the rest seems to be to widen the scope of the Trust rather than limit it and arguments had been put in the general principles of the Bill about not creating an overwealthy Trust with very extensive powers to buy and sell and control all sorts of things and here we are now extending it beyond historic buildings to virtually anything that can be remotely said to be of relevance and wherever situated. There seems to be part of a conflict as well there if we look at the amendment the Government is bringing to Clause 3 to which I referred before, where we are saying they may take, hold, deal with and dispose of lands and other property and we are saying 'in Gibraltar' and then we say that Gibraltar's heritage includes works of art or craft, books, records and chattels, wherever situated. If they are wherever situated then they are part of Gibraltar's heritage but the Trust may not do anything about it under Clause 3 because they can only do it if it is in Gibraltar. Well, which is what we want them to do. We seem to be telling them to do one thing with an amendment to Clause 2 and the opposite with an amendment to Clause 3.

HON CHIEF MINISTER:

I think the powers in Clause 3 are very wide in respect of land. I have been trying to say that what we have tried to do is precisely to follow the thinking of what the Leader of the Opposition said in the Second Reading of the Bill. As I said before, the draft Bill was prepared in a bit of a hurry because there was a need to make progress and so on and that a lot of thought has been given since then and that the National Trust Act in England has been studied more and therefore they have included things that were not there before. But I would remind the Leader of the Opposition of what he said on the Second Reading of the Bill which I think is what we are doing now. He said: "We will be voting in favour of this Bill and we support the concept although I think there has been, in fact, very little consultation, practically none, apart from the fact that half an hour ago the Hon and Learned Chief Minister asked me whether in fact we were in favour and whether we had any objection to the matter being taken after the second leg of this House when the Budget session was taken. Quite frankly this is the product of the Government's thinking and consequently when we have gone into it in more detail we may wish to see some of the contents of it changed ourselves at the Committee Stage" - and this is what I wanted to quote - "I think on the principle of the

Trust, clearly we ourselves have had reservations that in the context of taking decisions on economic development there is always a danger that politicians will be influenced by short-term returns by the very nature of things. That is to say, there will be a pressure on, we think there is on the present Government, and we think it is likely that it will be the case with any Government that if they can see an immediate payback there will be a tendency to favour something that produces an immediate payback and therefore it is important, I think, to have something like this which will act as the guardian of the public interest and which will be able to raise the alarm whoever is in Government and therefore we believe that it is correct to see it as non-political in a party political partisan sense. Presumably the Government itself if there were no Trust would have a commitment to which they have referred in the past of improving the tourist infrastructure". So that, really, apart from being our thoughts we coincide with the principle.

HON J E PILCHER:

Mr Chairman, I think the question, and perhaps the Hon and Learned the Attorney-General can answer it, the question is we are now on Clause 2? In Clause 2 there is the definition of Gibraltar heritage which talks of buildings, structures, etc wherever situated in connection with Gibraltar. Is that in conflict with Clause 3 or is it not in conflict with Clause 3? That is the question.

HON CHIEF MINISTER:

It is always good to have a fresh look at these matters.

HON J E PILCHER:

Mr Chairman, is it that they cannot buy land outside Gibraltar but they can buy property?

HON CHIEF MINISTER:

We can do away with that by taking away the words "wherever situated and".

HON J BOSSANO:

Let us make clear that what we are trying to do is produce the best possible Ordinance in this respect. We are not saying we are objecting to the words "wherever situated". What we are saying is in our view the Government is bringing an amendment to Clause 2 and an amendment to Clause 3 and what they are saying that the Trust does under Clause 2 is contradictory by what they are saying

that the Trust cannot do in Clause 3 and they are bringing the two amendments in the same House. That does not mean that we do not think that 'if there is a part of Gibraltar's heritage situated somewhere we should not spend money and bring it back, we are not against that happening, let us be clear. We are not saying to the Government delete 'wherever situated'. By deleting 'wherever situated' we may remove the anomaly but is that the best way to do it?

HON CHIEF MINISTER:

Yes, I will tell you why it is the best way to do it, because the words 'in Gibraltar' need not have been put because they weren't intended to be put and somebody wanted to make sure that we were not going to have some people wanting to buy Heathfield Park in England and acquire it because it had a connection with Elliott or what have you. But it is true that in any case chattels wherever situated if they can purchase that chattel they can purchase them, it does not refer to land in Gibraltar. You can bring them to Gibraltar.

HON J BOSSANO:

Mr Chairman, I am afraid the Hon and Learned Chief Minister is wrong because he is seeking under Clause 3 to put 'in Gibraltar' at the end thereof. Therefore by putting it at the end thereof linguistically he is qualifying land and other property and he is saying that other property in Gibraltar may be purchased, held, taken, dealt with or disposed of, but the power is for property in Gibraltar and therefore he cannot do it in other places and we don't agree that that is a good thing. We agree that if he now deletes 'wherever situated' from his amendment he removes the conflict of the two amendments but we are not satisfied that we should be taking away the power of the Trust so perhaps what we ought to do is to put the amendment of 'in Gibraltar' after 'lands' and not after 'other property' and leave the Trust with the right to buy other property which is transferrable back to Gibraltar, there may be, for example, an old print which comes up for sale somewhere in an auction and we think it is a valuable part of Gibraltar's heritage that needs to be bought and brought back. Obviously we should limit the purchase of land to Gibraltar for the obvious reason that the land cannot be brought back here.

HON CHIEF MINISTER:

Fair enough, that is fair.

MR SPEAKER:

May I perhaps say that if the words 'wherever situated and' are deleted it will not prevent people buying land outside Gibraltar.

HON J BOSSANO:

Except that it would not be part of Gibraltar's heritage as defined now. Presumably the reason why we have had this definition brought by the Government is because they want to specify that the terms of reference of the Heritage Trust are to deal with Gibraltar's heritage and that Gibraltar's heritage does not necessarily have to be limited to what is physically in Gibraltar, that there can be parts of Gibraltar's heritage somewhere else in the world, that is presumably the reason why that is there.

MR SPEAKER:

And therefore if you take away the qualification where the heritage is situated, in other words, if you take away 'wherever situated and' it means Gibraltar heritage is the following, fullstop and it doesn't matter whether it is in Gibraltar or outside Gibraltar. It is a definition of what Gibraltar heritage is and you find Gibraltar heritage and buildings, structures, antiquities, works of art, etc. You don't define the place where it may be found and therefore Gibraltar heritage is Gibraltar heritage wherever it may be.

HON CHIEF MINISTER:

I think the Attorney-General has got an amendment which I think meets the point.

HON ATTORNEY-GENERAL:

This is on Clause 3.

HON CHIEF MINISTER:

Perhaps he had better explain it now because it happens to do with Clause 2 which we are dealing with.

HON ATTORNEY-GENERAL:

If we amend Clause 3 in the way suggested, Mr Chairman, by the Leader of the Opposition 'to purchase, take, hold, deal with and dispose of lands in Gibraltar and other property wherever situated'.

HON CHIEF MINISTER:

When we come to Clause 3 we will do that.

MR SPEAKER:

Coming back to Clause 2, are we going to delete the words 'wherever situated at'?

HON CHIEF MINISTER:

Not now.

MR SPEAKER:

Any other matters on the amendment to Clause 2?

Mr Speaker then put the question which was resolved in the affirmative and Clause 2, as amended, was agreed to and stood part of the Bill.

Clause 3

HON ATTORNEY-GENERAL:

Mr Chairman, to amend Clause 3 to insert after the word "lands" in the second last line the words "in Gibraltar" and to insert after the word "property" the words "wherever situated" so that the penultimate and last lines read "with power to purchase, take, hold, deal with and dispose of lands in Gibraltar and other property wherever situated".

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:

Mr Chairman, to amend this Clause by deleting the marginal note and replacing it with "Objects and powers of Trust".

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

HON ATTORNEY-GENERAL:

To delete the existing Clause 4(1) and replace it with the following, Mr Chairman, and I had better read this because there is a line missing in my copy: "4(1) The Trust is established for the purposes of promoting the permanent preservation of Gibraltar's heritage for the benefit of the public".

HON J BOSSANO:

We assume that this is because having defined Gibraltar heritage the rest of it is now redundant, are we correct?

HON ATTORNEY-GENERAL:

Yes, that is correct.

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

HON ATTORNEY-GENERAL:

To insert a new Clause 4(3) in the terms set out in the notice, Mr Chairman. Clause 4(3)(a) deals with the acquisition and retention of lands, buildings etc, and the new subclause 3(b) deals with the acquisition and retention of investments, that is, investments authorised by the general law for the investment of trust funds.

HON J BOSSANO:

Can I just ask, I am sorry to interrupt the Hon and Learned Member. In subclause (2) which we have not amended, there is a reference to the Trust being empowered to hold land. Having limited its power to purchase land to Gibraltar do we now need consequentially to limit that in the rest of the Ordinance or does it follow axiomatically?

HON ATTORNEY-GENERAL:

I think, having regard to the word "Subject to the provisions and for the purposes of this Ordinance", that will cover it.

MR SPEAKER:

You do not intend to read the whole of the new subclause (3) do you?

HON ATTORNEY-GENERAL:

Not unless you wish me to read it, Mr Chairman.

MR SPEAKER:

No, I will read it because we must do it for the record.

HON ATTORNEY-GENERAL:

Mr Chairman, except just to say (a) deals with the acquisition and retention of lands and realty and the new subclause 3(b) deals with the acquisition and retention of investments authorised for the investment of trust funds, the blue chip type of investments, trustee investments.

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

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 Clause 5A

HON ATTORNEY-GENERAL:

To insert immediately after Clause 5, Mr Chairman, the following New Clause 5A: "The lands vested in the Trust shall not be chargeable with any debts or liabilities of the Trust and shall be inalienable". Mr Chairman, it may assist while I am introducing this amendment if I were to refer the Committee to the new Clause 6(3)(b)(ii) on page 3 which starts with the words "notwithstanding the provisions of section 5A it shall be lawful for the Board to grant a lease of any land subject to the approval of such a lease by the Charity Commissioners confirmed by resolution of the House of Assembly". Any lease which is granted although the trust land is inalienable they can grant leases but any lease is subject to the approval by the Charity Commissioners and to the approval of this House. This House by resolution would be confirming the approval of the Charity Commissioners or not.

HON CHIEF MINISTER:

I wanted to have raised that before because I forgot to mention it and that is that like in the National Trust in England the giving of leases and so on is subject, well, first of all, the Trust will be a Charity according

to the definition in the Charities Ordinance, it will be examined by the Charity Commissioners who have their own rationale about the way in which charitable property is let and therefore before it comes here if they propose to lease anything before they come here they have to satisfy the Charity Commissioners that it is something worth it when it comes here so it becomes more remote from being political in the sense that another body which is completely independent will have given it sanction that it has the right kind of safeguard insofar as the terms of the lease may be concerned.

HON J BOSSANO:

I accept what the Government says that they have lifted this out of the UK legislation where presumably the question of land has a different connotation because we may be talking about very large estates which certainly, presumably, are being protected from the possibility of being made subject to being taken over by somebody that is owed money which the Trust cannot..... but by limiting it to land are we by definition excluding all the other properties? We are, so that means that, in fact, there is nothing to stop the Trust taking out mortgages for all the historic buildings.

HON ATTORNEY-GENERAL:

No, that is land, and the buildings on it, the real estate.

HON J BOSSANO:

So the definition of land includes the building on the land?

HON CHIEF MINISTER:

Yes, of course. Land and property as against chattels.

Mr Speaker then put the question which was resolved in the affirmative and New Clause 5A was agreed to and stood part of the Bill.

Clause 6

HON ATTORNEY-GENERAL:

Mr Chairman, the existing Clause 6 to be deleted and replaced by the following new Clause, if it will save you, Mr Chairman, reading it I shall read this one.

MR SPEAKER:

I do not intend to read it. Do you wish to read it or do you wish it to be taken as read?

HON J BOSSANO:

We would like to have explained exactly what it is that we are changing and why.

MR SPEAKER:

Most certainly, there won't be a debate, in other words. I think that you should move that Clause 6 should be substituted for a new Clause as circulated.

HON ATTORNEY-GENERAL:

As set out in the notice. Section 4 which it refers to is the new Section 4: "The Trust is established for the purposes of promoting the permanent preservation of Gibraltar's heritage for the benefit of the public". It is the duty of the Board of Trustees (a) to promote and secure the preservation and enhancement of that part of Gibraltar's heritage which is in Gibraltar and to promote the public's enjoyment of and advance their knowledge of Gibraltar's heritage; to promote research into and publications with regard to Gibraltar's heritage, the history of Gibraltar and its social, economic and political evolution; to assist the Government in the formulation of policy in respect of these matters and to undertake such other functions as are conferred by this Ordinance. The Board is, by subclause (2), to provide educational facilities, instruction and information to the public with regard to Gibraltar's heritage; if asked by the Governor or if the Board wants to do it of their volition, advise the Governor on any matter relating to the Trust; for the purpose of exercising their functions carry out or defray or contribute towards the cost or research in relation to Gibraltar's heritage, and to make and maintain records in relation to Gibraltar's heritage. This is perhaps a more important subclause, the new subclause (3): "For the purposes of exercising their functions the Board may, subject to the provisions of this and any other enactment and to the terms and conditions of any trust by or under which any lands, buildings, and hereditaments and any rights, easements or interest are held by the Trust: (a) enter into contracts and other agreements; (b) acquire and dispose of any property, provided that - (i) no land other than Crown Land may be acquired by the Board except with the approval by resolution of the House of Assembly; and (ii) grant leases subject to the approval by the Charity Commissioners and the House of Assembly". The new subclause (4) to make such charges for their services as they think fit.

HON J E PILCHER:

Mr Chairman, the old Clause 6(1)(a) had "to secure the preservation of ancient monuments and historic buildings situated in Gibraltar". Is that now covered by Clause 6(1)(a): "to promote and secure the preservation and enhancement of that part of Gibraltar's heritage which is situated in Gibraltar" taking into account the definition of Gibraltar heritage or is the Board no longer responsible for the preservation of ancient monuments and, particularly, historic buildings?

HON ATTORNEY-GENERAL:

It is covered, Mr Chairman. 'To promote and secure the preservation and enhancement of the heritage which is situated in Gibraltar', compared with 'to secure the preservation of ancient monuments and historic buildings in Gibraltar'. I think the new definition of 'Gibraltar heritage' - buildings, structures, antiquities, historical, architectural, artistic or social interest, I think it is covered, it embraces it, Mr Chairman.

Mr Speaker put the question which was resolved in the affirmative and Clause 6, as amended, was agreed to and stood part of the Bill.

Clause 7

HON ATTORNEY-GENERAL:

Mr Chairman, the existing Clause 7(2) to be deleted and replaced by the following and this sets out the objects referred to in subsection (1). Clause 7(1) reads: "The Board may make arrangements on its own behalf or enter into contracts which have any of the objects mentioned in subsection (2)". And the amendment I am making is: "(2) The objects are:- (a) the production, publication and sale of books, films or other informative material relating to Gibraltar's heritage; and the commissioning of works of art, craft or design relating thereto; (b) the production and sale of replicas or reproductions of works of art, craft or design, or of souvenirs relating to Gibraltar's heritage; (c) the provision of catering or car parking or other services and facilities for the public at any premises or lands occupied or managed by the Board, or on the Board's behalf, and the maintenance and cleansing thereof".

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

Clause 8

HON ATTORNEY-GENERAL:

Mr Chairman, to delete the whole of the existing Clause 8 and replace it with the new Clause set out in the notice. The number of trustees remains at thirty, they have to be elected at an annual general meeting of the Trust. Subclause (2) makes provision for a Vice-Chairman so subject to subsection (5) a Chairman and a Vice-Chairman shall be elected by the trustees from among the elected trustees. The elected trustees, of course, are as defined in the new Clause 2, 'means a trustee elected at an annual general meeting of the Trust and includes a trustee appointed under Section 8(5)'. The new subclause (3) provides for the death or resignation of an elected trustee. Subclause (4) provides that the resignation of a trustee and of a Chairman or a Vice-Chairman. The Chairman, the Vice-Chairman and the trustees of the first Board shall be appointed by the Governor, this is under subclause (5), and 'in exercising his powers he shall have regard to the desirability of the persons having knowledge or experience of matters falling within the purposes of the Trust or any other subject, knowledge or experience which would be of use to the Board in exercising their functions'. The trustee shall hold office for a term of three years, Mr Chairman. New subclause (6) provides for the procedure on re-election and the rotation of a third of the trustees coming up for re-election every year. Subclause (7) deals with the disqualification of persons who hold the office of a trustee, namely, an undischarged bankrupt or people convicted of a criminal offence involving fraud or dishonesty and sentenced to imprisonment. Subclause (8) protects the validity of proceedings of the Board against vacancies of trustees. Subclause (9) provides for the Board to regulate their own procedure. Subclause (10) provides for the Governor to amend the list of ex officio trustees. Subclause (11) provides for the removal of an elected trustee: "An elected trustee may be removed from office at any time by a resolution passed at a general meeting of the Trust by a majority of not less than two-thirds of the members present at the meeting".

HON J BOSSANO:

We are not very clear whether there are any fundamental changes in the organisation of the composition of the Trust that does not appear to be in the new one as opposed to the old one but something that would apply to both the previous Clauses and the ones and which we are not entirely clear about ourselves is this question of the annual general meeting of the Trust. The Trust, I believe, provides for both individual membership and corporate membership. How would the voting and the elections take

place in that instance? If there was an organisation supporting the Trust by taking out corporate membership how would they be able to influence the voting in a general meeting? Is there provision for that?

HON ATTORNEY-GENERAL:

It will be one man one vote, each corporate member would have one vote.

HON CHIEF MINISTER:

It all depends what subscription they pay, if they pay a personal subscription and a company subscription the company has a vote and the personal subscription has a vote and if they don't then there is only one vote. You cannot do what I think is done in the Chamber of Commerce which is worse than the Trade Union Conference where you put up your hand, I don't think that applies to this one. I have something to say on a matter which was raised by the Leader of the Opposition and which I gave an undertaking about the question of ex officio trustees.

HON J BOSSANO:

I accept that that point has been taken care of but we were not very clear whether, in fact, it was specified here that a corporate member independent of the size of the contribution because I believe, for example, normally in friendly societies or building societies or charitable trusts and so forth, one of the fundamental differences between that and a company structure is that, in fact, the voting is not proportional to the size of the shareholding. Obviously, independent of the size of the contribution it is important that it should be specified that they have only got one vote.

HON ATTORNEY-GENERAL:

Isn't it a matter, Mr Chairman, for the Board to fix their own rules?

HON J BOSSANO:

Well, except that the Board has to be elected, presumably, before it can fix it.

HON ATTORNEY-GENERAL:

There is a first Board set out in Clause 8(5) - "The Chairman, the Vice-Chairman and the trustees of the first Board to be set up under this Ordinance shall be appointed by the Governor". The Governor appoints the first Board and then that Board can make their own rules as to voting at annual general meetings and how many votes corporate members should have.

HON J BOSSANO:

How long does this first Board serve for?

HON ATTORNEY-GENERAL:

For three years.

HON J BOSSANO:

For three years.

HON ATTORNEY-GENERAL:

Yes. If you read section 8(5).

HON J BOSSANO:

I don't think we can go along with that.

HON ATTORNEY-GENERAL:

"Subject to subsections (4) and (6) a trustee so appointed shall hold office for a term of three years".

HON J BOSSANO:

Who is the Governor in this instance? Are we talking about the Government of Gibraltar appointing the Board for the next three years?

HON ATTORNEY-GENERAL:

I think it is probably the Governor's personal powers because this is a Trust it is nothing to do with the Government, it is divorced from the Government itself. It would be this House asking the Governor personally to appoint the first Board.

HON CHIEF MINISTER:

In fact, I don't know whether the Hon Leader of the Opposition knows of the composition but I will be happy to submit a copy, it hasn't been easy and I have had nothing to do with the selection, but I would be very happy to give him a copy of the proposed thirty trustees or what have you and then whoever is dealing with that I would consider any suggestions of additions or deletions. The first Board must obviously emanate from somewhere and then they regulate their own procedure.

HON J BOSSANO:

Mr Chairman, we are talking about people being appointed. I didn't even know that thirty trustees had already been chosen.

HON CHIEF MINISTER:

No, identified. They have been identified.

HON J BOSSANO:

By the Governor, presumably.

HON CHIEF MINISTER:

Actually by the Chairman, the original proposed Chairman who has been instrumental and I think we referred to him at the last meeting, he has really been in charge. Once he accepted the Chairmanship he has been really virtually in charge of setting it up so there has been no Government influence at all nor would we want to have any Government influence except insofar as the ex officio members that ought to be there to give advice.

HON J BOSSANO:

I don't think we can accept that. We are giving very wide powers and we are giving them to a self selected group of people for three years over which there is going to be for three years no democratic control unless what we are saying is that notwithstanding the fact that they have not been elected, one can convene a week later a meeting of the membership and remove them all by a two-thirds majority, presumably, is that the case?

HON CHIEF MINISTER:

You cannot remove them all by two-thirds, two-thirds must remain.

HON J BOSSANO:

No, it must be two-thirds of the people voting. You can remove the entire thirty by a two-thirds majority of a general meeting notwithstanding the fact that they have been appointed for three years. Is that true?

HON CHIEF MINISTER:

It depends on good faith.

HON J BOSSANO:

It is not a question of good faith, Mr Chairman, it is a question that we are legislating and in looking at the legislation and in looking at the amendments brought to the House of which we have had a copy on Friday, we are discovering things as we go along because, in fact, they are matters that are substantial, we are giving powers to this Board to run car parks, catering facilities, buy and sell shares as if it was an investment trust.

HON CHIEF MINISTER:

They will not do that in three years.

HON J BOSSANO:

We don't know what they may do in three years or what they may not do but I think we want to know who they are and we don't think that they should be for three years.

MR SPEAKER:

Are you suggesting that it should be for a lesser period?

HON J BOSSANO:

Yes. One can understand that there is an egg and chicken situation in that if they have to be elected then presumably somebody has got to organise and recruit the membership of the Trust to get the thing on its feet. We don't think it takes three years to get them on their feet and obviously the people who are there and who have been involved in the setting up exercise if they wish to carry on and they wish to stand for election they are more likely to be elected than total newcomers but it is important that it should be seen that, I mean we don't know who the people are. We have no idea of who these thirty people that have already been identified as possible trustees are but we certainly would not like to see a Trust that reflects only one segment of society looking after Gibraltar's heritage.

HON CHIEF MINISTER:

First of all, if we satisfy the Leader of the Opposition that instead of three years it should be two years I don't mind, I don't know what the trustees might feel about it but I have offered to give the Hon Leader of the Opposition a list of the people. I think perhaps the answer could be that - I don't know whether we can have an instant amendment - we might say that the trustees should hold an election within two years of their being established and they can have it perhaps very quickly after. But give them a period to put the house in order.

HON J BOSSANO:

What are the major complexities in holding a meeting that it requires as long as two or three years? Isn't a year long enough for the Trust to get on its feet?

HON CHIEF MINISTER:

If the Hon Member will give way. Obviously, you have to have a caretaker committee that puts the matter in order and then submit it for election, that is obvious. They must have a reasonable amount of time. It has taken about six months or eight months in looking at this going back to the creation of a Heritage Trust. They need time because these things are not only time wasting but the projections of things, they need time in which to put their house in order to be able to submit to election. But somebody must initiate it and, as I say, the appointments as far as I am concerned have been submitted by the Chairman, have been selected by the Chairman. The proposed Chairman has spoken to the Leader of the Opposition, I don't know who they are in detail but I can get a copy of who they are and send it to the Hon Member and I can assure the Member that if he wants anybody added who is acceptable to the rest I will be happy to submit the name. I have submitted one name but I can tell you that all the people that can do harm outside are inside.

HON J BOSSANO:

That presumably is using the old philosophy that the best way to deal with a poacher is to turn him into a gamekeeper. We still are worried about the length of time, it is not that we want to inhibit the success, it is just that there seems to be an important principle that the people who are contributing and taking up membership of the Trust should, at a very early opportunity, have a say in who the trustees are and therefore perhaps we should limit it to two years and say that they are appointed for a maximum of two years and put in the maximum that if they can manage to go to an election beforehand all the better.

HON CHIEF MINISTER:

I think that would be acceptable.

HON ATTORNEY-GENERAL:

Mr Chairman, to amend.....

MR SPEAKER:

I am afraid you cannot amend your own amendment.

HON CHIEF MINISTER:

Well, I support whatever he says.

MR SPEAKER:

Which subclause are we talking about?

HON J BOSSANO:

This is subclause (5). The final sentence would read: "a trustee so appointed shall hold office for a maximum term of two years".

HON ATTORNEY-GENERAL:

Clause 8(6) will need consequential amendment. Subclause (6) wherever you read 'third' now reads 'second' so it reads: "At the second and every subsequent annual general meeting of the Trust one-third of the elected trustees shall retire and shall be eligible for re-election. The Board shall determine among themselves which of the elected trustees shall retire at the second annual general meeting....."

HON J BOSSANO:

I wouldn't have thought that that was the case, Mr Chairman, because in fact, none of the people that we are talking about are elected. We are talking about appointed trustees, not elected trustees.

MR SPEAKER:

I think the Hon and Learned Attorney-General is right to the extent that the first Board, in any event, are all appointed.

HON J BOSSANO:

But what we have got in subclause (6) is.....

HON CHIEF MINISTER:

No, when elected means elected non-ex officio members. If you look at the definition you will see that 'elected trustee' means a trustee elected at an annual general meeting of the Trust as provided in section 8(1); and includes a trustee appointed under section 8(5). For the purposes of the original one he is deemed to be elected.

HON J BOSSANO:

It doesn't say so.

HON CHIEF MINISTER:

The definition at Clause 2.

HON ATTORNEY-GENERAL:

"Elected trustee" means a trustee elected at an annual general meeting of the Trust as provided in section 8(1); and includes a trustee appointed under section 8(5). So 8(6), Mr Chairman, "At the second and every subsequent annual general meeting of the Trust one-third of the elected trustees shall retire and shall be eligible for re-election. The Board shall determine among themselves which of the elected trustees shall retire at the second annual....."

HON J BOSSANO:

We don't agree with that, Mr Chairman, because we think the people who are appointed all must stand for election, not one-third of them. The people who are elected may then stand for election in rotation but the first lot.....

HON CHIEF MINISTER:

That is what is going to happen.

HON J BOSSANO:

No, because it says 'one-third shall retire at the second meeting', so at the second meeting two-thirds of the appointed people are still appointed.

HON CHIEF MINISTER:

Well, you cannot do anything else.

HON J BOSSANO:

Yes, you can. In the first meeting everybody should be elected and then after that in rotation every third year.

HON CHIEF MINISTER:

I am very grateful for the suggestion because we are trying to make a good thing out of it and therefore there is no criticism about it. What I was trying to say is that there must be time for the membership to have the election. The election is by the members and they require at least a year to get a proper membership and they will be the ones that will make the election as soon as possible after the first year or when there are sufficient numbers.

MR SPEAKER:

Gentlemen, may I suggest, it is quarter to one. We are not going to finish in any event before one. Should we not recess now and come back at a quarter past three. That will give you time, perhaps, to discuss the matter informally and we will finalise matters this afternoon. Is that sensible?

HON CHIEF MINISTER:

Yes, I hope we will not be delayed too much after quarter past three.

MR SPEAKER:

I hope not. We will now recess until this afternoon at quarter past three.

The House recessed at 12.45 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

We are still on Clause 8 of the Committee Stage of the Heritage Bill. There is an amendment to be proposed to Clause 8.

HON ATTORNEY-GENERAL:

It is clear, Mr Chairman, that we have amended Clause 8(5) the last line to read: "Subject to....."

MR SPEAKER:

We haven't amended anything yet.

HON ATTORNEY-GENERAL:

To move that the last two lines of section 8(5) read as follows: "Subject to subsections (4) and (6) a trustee so appointed shall hold office for a maximum term of two years".

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

HON ATTORNEY-GENERAL:

Clause 8(6), I beg to move, Mr Chairman, in the terms of the draft which I have handed round. Clause 8(6) will read: "At the second annual general meeting the trustees appointed under subsection (5) shall retire from office but shall be eligible for re-election at such annual general meeting", and to renumber the existing subclause (6) as subclause (7) and consequentially all the way through, subclause (7) to become (8), (8) to become (9), (9) to become (10), (10) to become (11).

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

Clause 8, as amended, was agreed to and stood part of the Bill.

Clause 9

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that Clause 9 be deleted and replaced by the following: Marginal note -- "Exemption from taxes etc". Clause 9: "The Trust shall be exempt from all taxes, duties, rates, levies or other charges whatsoever". So on the note which I have given you, Mr Chairman.....

MR SPEAKER:

All it needs is the deletion of the words "Subject" to "enactment".

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

HON J BOSSANO:

Could I just, before we move on to Clause 10, there is something that I noticed which I haven't mentioned to the Attorney-General, Mr Chairman, before lunch. Is there any particular significance in the fact that originally in Clause 9 we exempted the Board and now we exempt the Trust or is it that, in fact, it makes more sense to have 'Trust' rather than 'Board'?

HON ATTORNEY-GENERAL:

I think it makes more sense to have 'Trust' rather than 'Board'.

Clause 10

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move the deletion of the existing Clause and the substitution of the following new Clause: "10(1) There shall be a management committee of the Trust consisting of the Chairman, the Vice-Chairman and not more than twelve elected trustees. (2) A member of the management committee shall hold office for three years or until he ceases to be a trustee, whichever shall be the shorter period, and shall then retire from office but shall be eligible for re-appointment. (3) The Chairman or, in his absence, the Vice-Chairman, shall be ex officio Chairman of the management committee unless the Board otherwise determines, in which event the management committee shall elect from their number a Chairman".

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

Clause 11

HON ATTORNEY-GENERAL:

Just one very small amendment to Clause 11(7), Mr Chairman. In the second line from the bottom: "who make to the funds of the Trust 'an' annual subscription" rather than 'and' annual subscription, it is a purely printing error.

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

Clause 12

HON ATTORNEY-GENERAL:

I beg to move, Mr Chairman, that Clause 12 be deleted in its entirety and replaced by the following new Clause: "12. General meetings of the Trust shall be held once at least in every year and shall be called and held in accordance with such rules as may be made by a resolution of the Board passed at its meeting by a majority of not less than two-thirds of the trustees present at the meeting, and approved at the next meeting of the Trust".

HON J BOSSANO:

Is there a particular reason for removing the rules that were provided in the Schedule?

HON ATTORNEY-GENERAL:

The reason was to give the Board more flexibility. If they changed the rules we would have to come back to the House and change the Schedule and I thought it far better for the Trust to have its own authority to make its own rules rather than coming back here and amending them.

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

Clause 13

HON ATTORNEY-GENERAL:

Clause 13(1), Mr Chairman, to be amended to delete the words at the end thereof "with the approval of the Governor".

HON J BOSSANO:

Mr Chairman, we have brought to the attention of the Hon and Learned Member that we are not in favour of this Clause as it stands and since there has been no reaction then we think we need to say why we are not in favour because we shall vote against the amendment and we shall vote against the Clause. Let me say, by the way, that I have explained our reasoning to the Chairman of the Trust who agrees with us.

HON CHIEF MINISTER:

Is it that the Members opposite would not like that anybody who is a trustee should be paid? I entirely agree.

HON J BOSSANO:

No. This refers to staff employed by the Trust. What we are saying is it is not normal and in our view it is not proper that people who are employees and paid by the Trust should have the right to be trustees.

HON CHIEF MINISTER:

That is exactly what I have said.

HON J BOSSANO:

Because they fix their own salaries. In fact, it then requires an amendment, it has nothing to do with the transition.

HON CHIEF MINISTER:

I didn't say the transition, what I said was if what the Hon Member is saying is that a trustee should not be paid I entirely agree that if he is a paid official he should not be a trustee unless he would be an ex officio trustee but it doesn't arise. If anybody is appointed by the Trust as a paid person and is a trustee he should cease to be a trustee.

HON J BOSSANO:

But we are saying the opposite in the law.

HON CHIEF MINISTER:

I know, I thought there would be an amendment to that.

HON ATTORNEY-GENERAL:

Would it be met by amending Clause 13(4) to read: "The Board shall pay to their employees, other than such employees as are trustees, such remuneration and allowances as the Board may determine"? Would that be satisfactory? So a trustee could be an employee but a trustee who is an employee couldn't be paid.

HON J BOSSANO:

There are two clear poles, we think, trustees are people who are serving on the Board because they are public spirited, because they are concerned to make a contribution to the heritage of Gibraltar and they have got the right to employ people on whatever terms they want. Let us see what we are saying the Trust can do. It can run car parks, it can provide catering facilities, it can run tourist sites, it can make souvenirs, it can sell souvenirs, in theory we are creating an organisation that can be self perpetuating. The employees all become members of the Trust, they go to a general meeting and they elect themselves as trustees. In fact, if you are an employee you should be deprived, you can be a member of the Trust and go and vote in a meeting like any other member of the Trust but you can be deprived of the right to stand for election because otherwise you are your own employee and in no organisation that I know of are you allowed to be your own employer unless you are doing it with your own money, not with somebody else's money.

HON ATTORNEY-GENERAL:

Mr Chairman, a new subclause (6) to read as follows: "No person employed and paid by the Trust shall be a trustee".

MR SPEAKER:

Could I perhaps suggest that the words in brackets should read "(not from among their number)".

HON ATTORNEY-GENERAL:

I think that shall have to be amended.

MR SPEAKER:

That is all you have to do then "There shall be a Secretary and a Treasurer to the Trust who shall be appointed by the Board (not from among their number)".

HON J BOSSANO:

I think that covers the Secretary and the Treasurer but it doesn't go far enough. What the Hon and Learned Chief Minister has suggested is, in fact, for all other employees that there might be in the future, I think we need to cover that as well.

HON CHIEF MINISTER:

I think that that could be done by a new subclause (6): "No person employed and paid by the Trust shall be a trustee".

HON J BOSSANO:

What we are saying is the trustee may have employees but being an employee disqualifies him from being a trustee.

MR SPEAKER:

"No person employed and paid by the Trust shall be a trustee", is that correct?

HON J BOSSANO:

We are also saying, the point that you made, Mr Chairman, that in the first one the Secretary and the Treasurer we should remove "whether or" and say "(not from among their number)" to make it consistent with this amendment.

Mr Speaker put the question which was resolved in the affirmative and Clause 13, as amended, was agreed to and stood part of the Bill.

Clause 14

HON ATTORNEY-GENERAL:

Clause 14(1), Mr Chairman, to be amended to read "The funds" with a small 'f' and not a capital 'F'. Clause 14(1)(b) to insert between the word "sale" and the words "hiring out" the word "lease". In subsection (2) to delete the words "special fund" and to substitute therefor the word "account" and to delete subsection (4).

Mr Speaker put the question which was resolved in the affirmative and Clause 14, as amended, was agreed to and stood part of the Bill.

Clause 15

HON ATTORNEY-GENERAL:

Mr Chairman, the existing Clause 15 to be deleted in its entirety and replaced by a new Clause of which I have given notice.

Mr Speaker put the question which was resolved in the affirmative and Clause 15, as amended, was agreed to and stood part of the Bill.

Clause 16 was agreed to and stood part of the Bill.

Clause 17

HON ATTORNEY-GENERAL:

One printing error on page 64, Mr Chairman, "will so behalf themselves" I think it should be "behave themselves".

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

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

Schedule Two

HON ATTORNEY-GENERAL:

Mr Chairman, to be amended by the deletion of paragraph 3, namely, "Alterations or additions to the rules contained in Schedule Three to this Ordinance" and the renumbering of paragraphs 4 to 7 as 3 to 6.

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

Schedule Three

HON ATTORNEY-GENERAL:

I move that it be deleted in its entirety, Mr Chairman.

Mr Speaker put the question which was resolved in the affirmative and Schedule Three was accordingly deleted.

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

THIRD READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to report that the Gibraltar Heritage Trust Bill, 1987, has been considered in Committee and agreed to, with amendments, and I now move that it be read a third time and passed.

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

ADJOURNMENT

HON CHIEF MINISTER:

Before I propose the adjournment, I would like to thank Members opposite, particularly the Leader of the Opposition, for the contribution he has made in making the Bill a better one than when it started. I now have the honour to move that this House do 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 3.55 pm on Tuesday the 12th May, 1987.