

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

29TH APRIL 1988  
BUDGET

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Second Meeting of the First Session of the Sixth House of Assembly held in the House of Assembly Chamber on Friday the 29th April, 1988, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for GSL and Tourism  
The Hon J L Baldachino - Minister for Housing  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon Miss M I Montegriffo - Minister for Medical Services  
and Sport  
The Hon R Mor - Minister for Labour and Social Security  
The Hon J L Moss - Minister for Education, Culture and Youth  
Affairs  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition  
The Hon P C Montegriffo  
The Hon M K Featherstone OBE  
The Hon Dr R G Valarino  
The Hon G Mascarenhas  
The Hon Lt-Col E M Britto OBE, ED  
The Hon K B Anthony

ABSENT:

The Hon E Thistlethwaite QC - Attorney-General (who was engaged  
in official business)

IN ATTENDANCE:

D J Reyes Esq, ED - Clerk of the House of Assembly (Ag)

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 14th April, 1988, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Chief Minister laid on the table the following document:

The Charity Commissioners Report for 1985 and 1986.

Ordered to lie.

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

- (1) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.2 of 1987/88)
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.3 of 1987/88)
- (3) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.3 of 1987/88).
- (4) The Annual Report and Accounts of the Gibraltar Broadcasting Corporation, 1986/87.
- (5) The Accounts of the Government of Gibraltar for the year ended 31st March, 1987, together with the Report of the Principal Auditor thereon.
- (6) Draft Estimates of Revenue and Expenditure for 1988/89.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.35 pm.

Answers to Questions continued.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move the suspension of Standing Orders Nos.29 and 30 in respect of the 1988/89 Appropriation Ordinance, 1988.

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

BILLS

FIRST AND SECOND READINGS

THE APPROPRIATION (1988/89) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £71,163,200 to the service of the year ending with the 31st day of March, 1989, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I propose to make a very short introductory statement Mr Speaker as Members of the House will know, it has not been customary for me as Financial and Development Secretary to say anything on the Appropriation Bill at previous meetings of the House unless called upon to answer specific points raised in debate or, indeed, during the Committee Stage. The circumstances under which only the Appropriation Bill with no Finance Bill has been presented to the House on this occasion are, I think, already clear to Hon Members and the Chief Minister will, I think, be saying more in that connection and, indeed, on Government policy generally during his contribution to the debate. I shall, in due course, Mr Speaker, be moving amendments at the Committee Stage to alter the position of the Funded Services which are now shown as having uncovered deficits and I will be giving you the appropriate information in due course. Likewise I will be circulating to the House an amended page 5 which is customary practice although on this particular occasion because there is no Finance Bill and no revenue changes, the changes to page 5 and subsequent changes will be purely formal. The only other thing I need say, Mr Speaker, is that having spent most of my period as Financial Secretary restraining public expenditure with varying success, of course, it not only is an honour for me to move an Appropriation Bill which comes as closely to Treasury purity as is feasible for me to imagine but that I have great pleasure as well in commending the Bill to the House. Having made that point, Mr Speaker, 'El Giri' will now give way to 'El Jefe'.

MR SPEAKER:

In accordance with the normal procedure for the Appropriation Bill I will call on the Chief Minister now to make his speech.

HON CHIEF MINISTER:

Thank you, Mr Speaker. The position of the Government, I think, is obvious not just to Members opposite but I think generally well understood in Gibraltar. This is not really a GSLP Budget, indeed, it is stretching it to call it a Budget at all because, in fact, all that we are doing is meeting the deadline in the Constitution for the Estimates of Expenditure to be tabled today. Quite frankly, our Government would not have had a meeting of the House so close after the election had it not been necessary to table these Estimates. We would have given ourselves a bit more time and then we might have been able, perhaps, to give more information than we have given during the question session to Members of the Opposition. I think it was in 1972 that the AACR was last in Opposition and came into Government and I believe they had their first meeting of the House in October after being elected in July. I would say that although the next twelve months will see an impact from the implementation of Government policy it is unlikely that we shall be producing, as it were, a mini budget in mid-term. Our position at the moment, given the thought that has been given to this since 25 March, is that 1989 will be really the first Budget of the GSLP administration. It is unfortunate that the timing of the election has coincided with the Budget and, clearly, it is something that ought preferably to be avoided in future because it puts everybody in a very difficult position. In looking at the financial position of the Government as shown on page 5 of the Estimates, what we have is a situation where the outturn for the year is slightly, in cash terms, worse than what the House expected in March last year. I believe the projection a year ago was a £2.8m deficit and, in fact, we have £3m. I think the difference is, of course, that during the last twelve months in the Revised Estimates of Revenue on page 8 Members will note that there are borrowings of £2,022,000 as opposed to the figure of £1m, that was put there at Budget time last year. In fact, if the Government had borrowed £1m as they intended the result would have been minus £4m at the end of the year. This, I think, gives us a better picture of what has happened in the last twelve months. I have to say that the policy of the Government, as has been said on other occasions from the other side of the House, is that we do not believe in borrowing for recurrent expenditure and that therefore it will be our intention to use the powers in the new Loans Empowering Ordinance which is in the pipeline for investments and not to finance recurrent expenditure. We can expect that during the course of 1988/89. Going back to page 5, the position will change as regards borrowing for the Improvement and Development Fund which we are not showing in the Estimates of Revenue and Expenditure because, technically, we cannot borrow at the moment because under the previous Government the powers to borrow were all used up. Although it will be our intention so that when we are looking at a situation where the Improvement and Development Fund finishes with a deficit over the next twelve months, I want to make clear

that it is not our intention to finish with a deficit, but that during the course of the year we will be borrowing for capital investment which will cover that. This is unless we have some other way of producing revenue for the Improvement and Development Fund which makes it unnecessary for us to borrow. As regards the projection for this year, as we have said, we have had a situation where we have had to take a decision on what figures we would bring to the House and that decision had to be taken in time for the draft Estimates to be produced and provided to the Opposition by the 14th of the month. This, basically, meant that with a weekend in between and one thing and the other we have basically devoted some ten days to studying them before we sent it to the Opposition and the reality is that when we have come in we have tried to make an assessment of the state of the economy and we have found this to be rather difficult. What we are clear is that if we take the only indicator at this stage which is available to us, which is the end of the year insurance record for employment and the movement in people being employed and people becoming unemployed in the first three months of the year and which would indicate that the economy peaked in 1987 and that there has been a slowdown in the first quarter. This is consistent, in fact, with observations of the construction industry where there have been a number of lay offs as projects in the pipeline have been nearing completion and other projects have not been starting at the same time. We are as convinced today as we were during the election campaign that in order to produce the kind of results that I am sure we all want for Gibraltar, fine tuning would not have been enough and that we need to give a major impetus and leadership in the promotion of the economy and in bringing about a higher rate of growth. We believe that quick action is needed in 1988 in order to achieve an increased rate of growth. We have a serious problem because of lack of information. We find that the information may be somewhere in different files in different departments but the information is not in a shape that we can use to plan. We are having to rely on manual collection of information when we are confident that if there was a major computerisation programme within Government services it would release a great deal of manpower. The Family Expenditure Survey which was originally mooted in 1986 and finally got off the ground at the beginning of this year will take some time to complete and therefore, again, we are dealing with imperfect and very antiquated statistics in terms of patterns of consumption in the economy. The Input/Output Study is using the figures of the last Family Expenditure Survey but in a way which will allow that information to be replaced by up-to-date information when the new Survey is ready but at least we hope to have a model of the economy from the Input/Output Study ready by the beginning of 1989. This will provide a more accurate picture of the real level of national income figures, more accurate statistics on GNP, GDP and National Income which we consider to be essential in order to monitor ourselves the progress

that we are making in meeting our targets. That means that, effectively, the National Economic Council will not be constituted in 1988 as we had hoped, but will be constituted, hopefully, in 1989 if the Input/Output Study and the statistics that we require can be put together in time for the Council to work. There is little point, in fact, in setting machinery up for monitoring economic growth and for planning economic growth if we cannot provide the information because the information does not exist and what exists is old and inaccurate. However, we are conscious that this must not hold back the Government programme. We recognise that it is an ambitious programme and we recognise that it is even more ambitious against the background of the chaotic state that the Government organisation is in, in terms of the demands that we are making on it. We are, in fact, demanding a lot of ourselves and demanding a lot of other people and people are responding but without adequate tools to do the job we cannot really blame those who, in spite of the fact that they are working very hard, cannot give us what we need and what we want to carry out the changes that the people of Gibraltar have clearly stated in the elections that they want. Notwithstanding these difficulties, Mr Speaker, we believe, as we said during the election campaign, that the good conduct of public affairs and that a sense of political responsibility requires us to do what no Government has ever done in Gibraltar before us and that is to say right at the beginning of our life as a Government "these are the aims that we have got and you can judge us by those aims". It gives the Opposition an opportunity to say after a period of time, not in the first meeting of the House and after five weeks, "Well, you said you were aiming to achieve this and you failed". In my sixteen years in the House in the only area where that has been happening consistently and where it has been possible has been in the Improvement and Development Fund and the only answer that any Government ever gave was to say that there was slippage. If we look, therefore, at the policies of the Government for the next four years, as I said, on page 5 of the Estimates of Revenue and Expenditure we are envisaging today a £1.8m deficit, ie after having removed some £3m/£4m of expenditure at this stage in the knowledge that a fair amount of that will have to be agreed during the course of the year and put back into the expenditure package and supplementary appropriations obtained from the House. Therefore our target is that that £1.8m deficit will not be allowed to grow beyond £4m, that is to say, we are aiming this year for results which would bring about a reduction in the Consolidated Fund balance of between £3m/£4m but £4m is a ceiling. That means that if we are going to authorise supplementary expenditure in excess of £2.2m we will only do it because we find that the Estimates of Revenue prove conservative during the year and that we are actually collecting more money than we anticipated. If we find that we are collecting more money than anticipated then we will exercise judgement as to how much of that extra cash should be allowed to be reflected in higher expenditure and how much of the extra cash should



be used for reducing the deficit. The target of the Government would be to bring that annually recurrent deficit down to £2m in 1989/90, to zero in 1991 and to produce a surplus in 1991/92. The change in 1991 and in subsequent years is programmed on the assumption that by then the Gibraltar Investment Fund, which is the vehicle that the Government will use to seed new businesses, will be able to make a contribution to Government revenues and that there will be a transfer from the Gibraltar Investment Fund to the Consolidated Fund as the Regulations setting up the Fund provides and therefore the long-term programme of the Government is that we then have a situation where there will be an increase in contribution to Government revenues and, consequently, to financing expenditure from our investment income. The position therefore will be that the reserves by that stage would have come down to something like £4m and that would be the bottom. As far as we are concerned, we would not want to see any drop in that so that if there was a problem of not obtaining the anticipated investment returns in that scenario, the Government obviously at the time, in the 1991 Budget, will either have to cut back on expenditure or will have to raise revenue. Clearly the implications of this projection over four years is that I am talking about a situation where the Government will not be seeking to increase taxation at all during the four years otherwise we could convert a deficit into a surplus at any time by increasing taxation or vice-versa, a surplus into a deficit at any time by reducing taxation, it is in terms of unchanged fiscal policies. The priorities of the Government therefore, in moving in this direction, are fundamentally mobilising the resources of the Government in terms of property and in terms of manpower. We believe that the Government of Gibraltar happens to have the best property in town. It is the biggest landowner and the biggest owner of property and it happens to employ the biggest proportion of Gibraltarians and the best qualified Gibraltarians and if we cannot with those assets make a go of it then nobody can. We are therefore saying to ourselves it is a question of using the buildings and the land better than they have been used in the past and using the people who work in those buildings and in those areas in the same way. The thinking is therefore to maximise the return, optimising the return from those resources and this will be carried through, Mr Speaker, in consultation with the Unions. I am happy to say that the meetings that I have had with all the industrial shop stewards of the Government to explain our thinking, with the District Committee of the TGWU/ACTSS, with the Committee of the Clerical Union and I have told the other Unions that the opportunity to meet is there if they wish to take it up so that instead of them having to rely on third party versions of what we are wanting to do, they have it straight from us and we explained to them that everything that we are doing and, essentially the only thing that we are doing is trying to make sure that taxpayers, which includes all their members, because the reality of it is that the Trade Union Movement as well as representing the

producers, represents the consumers since all the consumers are union members, that taxpayers get value for money. In maximising the use of these resources, probably the most exciting and the most radical approach in tackling that opportunity is the concept of developing the area of the commercial dockyard as an industrial park. Therefore the position will be that that area, which is huge, will be the area into which we will be relocating Government workshops and Government offices and other industrial employment be they in companies in which we have a share stake or in companies which are purely privately owned but where there is interest in locating in that area. That would then release an enormous potential for redevelopment in the rest of Gibraltar and primarily in the town area. Clearly in looking at deploying people there or in town we would be looking at the need of accessibility by the public but there are many, many functions that Government has to do which, in fact, can be done in any geographical point in Gibraltar. It also means, of course, that we have an opportunity for meeting what the Leader of the Opposition raised at Question Time which is the question of new Government offices because we would then be in a position to offer people a better working environment purpose built and because of the concentration of people in that area we can also maximise the use of facilities and whereas, for example, canteen facilities are difficult to provide today for Government workers because they are distributed in small workshops all over town, it is a far easier thing to have a canteen that will service both Government workers, GSL workers, and workers of other enterprises. If we think of the security function at South Gate then clearly the cost of that security function spread over GSL's operation alone is very expensive, however, the cost of that security function spread over a multi-faceted industrial park is relatively small. That is the industrial and the commercial logic of the policy. Again it is no good, Mr Speaker, the Opposition saying "well, can you give me the date when this will be finished and when people will be working there?" No, I think what we are doing is explaining the policy, explaining the programme and doing it in a way which allows our success or failure to be monitored, not just by Members of the Opposition but, indeed, by the whole of Gibraltar. We are so confident in our ability to carry our programme through and so confident in our ability to achieve our targets that we are quite willing to explain the programme now for the next four years. What we are not willing to say is "on the 1st July at 9.00 am the first workshop will be open". We cannot work to that kind of timetable and it would be a mistake and a nonsense because then the debate would be "why did it happen at 10 am on the 1st July and not at 9 am as you promised?" Essentially, therefore, by concentrating the use of resources what we are setting ourselves is the task of eliminating waste at all levels and in all areas. Looking critically at public spending what we are saying is it is the people's money not the Government's money. But the electorate has charged us with looking after

their money as if it were our own and coming out of our pockets. I think we have got to break with this mentality that the private businessman looking after his business is on top of it to make sure that there is no wastage but a Government looking after the business of the people the saying is 'Well, it doesn't matter if it is wasted because you just print more money'. Well, it is not like that and it is not going to be like that and we are prepared to be judged by that criteria. Because we believe that it is important to keep the people informed of our progress, we will be publishing as things happen, what we are doing. We are looking at a number of areas at the moment, and we keep on discovering new instances every day, where Government has been spending some money. We have asked for reasons and nobody seems to know so when we get to the bottom of it and we decide to stop this expense we will come out with a public statement saying 'this is what we have found and this is what we have decided to stop and this is the money we have saved'. Therefore a combination of that, a combination of an increasing revenue yield from a higher level of economic activity and our own input in an investment strategy will together, we believe, give us the scenario of overall financial results over the next four years that I have already spelt out to the House. Let me say that in order to produce a more efficient Gibraltar which is what is required, in order to give better services to the ordinary citizen, to every householder in Gibraltar and in order to provide the international business community with the quality of service they expect and demand, if we want to project Gibraltar as a place that can compete internationally, we require a huge investment in infrastructure. Just how huge at this stage is not possible to price but there is no doubt that it is huge. We need money for roads, for schools, for houses, for hospitals, for a prison - it is too much to be completed in four years. Therefore we are not saying the entire capital investment infrastructural programme will be reflected in the Improvement and Development Fund in the first four years. But I am prepared to say, Mr Speaker, again in terms of policy aims for others to monitor us by, what we project as being possible. The Improvement and Development Fund has spent £4m in the year that has just ended. We are budgeting for £7½m over the next twelve months and we know that that figure will be increased during the year through supplementary provision. We also know that some of the money there may not get spent during the year as has happened in other years. But we consider it reasonable that with the provision there and with the supplementary provision that we will bring in, we should spend in the next twelve months £8m as opposed to £4m in the last twelve. Therefore the planned growth would be that that would keep on increasing by £4m a year after that, so that the situation would be that what we would like to see in terms of meeting the requirement for infrastructure and in terms of capital investment through the Improvement and Development Fund would be that we have just finished a year where £4m has been spent, we would say in 1988/89 £8m will be spent; in 1989/90 £12m will be spent; in 1991

£16m will be spent and in 1991/92 £20m will be spent. In looking at recurrent expenditure we have just spent £73m, we would then want to increase that in the current year. We have got a figure there of something like £75m or £74.9m and I have already given an indication to the House that we are prepared to see an additional £2m spent during the course of the year in supplementary appropriations which would bring it to £77. That means that the total spent for this year by the Government of Gibraltar would be £85m, £8m in capital expenditure and £77m in recurrent. The recurrent expenditure would be contained within the strategy of the Government and, in fact, the situation would be that we would want that to go up only by £1m a year. Therefore we would be looking over the next three years for substantial savings in some areas to offset expenditure in other areas. Therefore, the plan would be that we would go from £77m in the next twelve months to £78m in 1990, £79m in 1991, and £80m in 1991/92. The programme of the Government for recurrent and capital spending would therefore be one where we move from £85m this year to £90m, to £95m, to £100m. These are clear targets. Let me say that we do not think that it is a situation, because we are not estimating for the next twelve months, we are setting out our aims of policy for the next four years which we feel is a reasonable thing to do in the first opportunity that we have had since the election, to explain to the Opposition and explain to the people "this is what we are planning to do and it is within those parameters that you should see how successful we are being or not in containing public expenditure, in eliminating ways, in using resources better". The success that we have in those areas will be reflected on how close we come to these figures. If we are not successful then we will be overrunning those figures. In terms of fiscal policy the position, certainly for this year and, hopefully, for the whole term of office, will be that there will be no increases in personal or corporate taxation. There will be an exercise carried out, which I have recommended from the Opposition benches for many years to the previous administration, to examine how taxes are collected so that charges are introduced in a way which relate from the consumers point of view, the dues paid to the service rendered by the Government to the taxpayer. We think it is important that people should see what they are paying and what they are getting. We also think it is important to increase incentives for investment in the local economy for the ordinary man in the street and therefore the structure of tax allowances will be looked at with this in mind. We believe that we need a more flexible fiscal system, Mr Speaker, where tariffs, duties or whatever charges are made are capable of quick adjustments rather than a requirement to come to the House and change the law. What we would want would be that the law should lay down the framework but whether you pay 5p stamp duty or 10p stamp duty should not require a full blown debate in the House. Therefore our view would be that if we get information as we have had, for example, from professionals in the finance sector that we are not getting any money at all because we are charging

some kind of duty or whatever which keeps us out of the market then we would want to reduce the duty and collect revenue, rather than have a high duty and collect nothing. That kind of quick response, I think, would give us a competitive advantage and it is one of the beauties of the smallness of Gibraltar that we can respond to market demands if we are able to get the machinery of Government organised in a way that responds quickly and efficiently and if we create the legal structure to allow for a flexible fiscal system so that we can be ahead of our competitors by providing a quicker service to the customers we want to attract to Gibraltar. It is our intention, Mr Speaker, in taking this approach to a market determined policy, to make Gibraltar into one of the most competitive international business centres in the world. That is the aim. This will take many years but we would expect to have proved in our first term of office that it can be done and that it will be done. We do not expect to have completed the process in four years. If we rush too much we run the risk of making ourselves totally redundant. Therefore, in the Estimates of Expenditure, in keeping with this philosophy, we are providing for increased spending in promoting Gibraltar. We believe that the Government has got a responsibility itself to get involved in promoting Gibraltar preferably in conjunction with private sector interests in Gibraltar, with the private businessmen and that the involvement of Gibraltar's Government in such a situation, in fact, lends a weight and a solidity to the promotional effort which is considered outside in the light that it is Government and therefore gives it a seriousness and a respectability and produces dividends. In this connection my visit next week to the Canary Islands is in fact of this nature. It is intended, primarily, as a visit selling Gibraltar and selling the opportunities that exist in Gibraltar and my visit to the United States in September, again, is of that nature and the programme of that visit is being put together now and it will be a promotional visit to attract American investors to Gibraltar involving Gibraltarian interests and people already connected with Gibraltar. The other Ministers of the Government are also involved at this stage in plans to other North European destinations in relation, as has already been indicated, to the possible greater use of Gibraltar's airport and of bringing tourism to Gibraltar. I think the fruits of this promotional work in which we are essentially investing money this year will be seen in the higher level of economic activity and therefore in our ability to achieve the 50% growth which we are aiming for in four years. The position will enable us to produce a situation where the Government's ability to service the loans rates for the capital programme will be met by an increasing trend in revenue yield because of the economic activity. In a way, I think, in trying to explain this to Members of the Opposition and to the House, what I am trying to demonstrate is how it is a package which hangs together and which has got interlocking elements. The Training Board, the relocation of Government offices and workshops, the policy on industrial relations of involving

the Trade Union Movement, of getting their commitment of support to the programme, the move on improvements in pensions, in the area of scholarships, the position of the Government itself as an investor in the name and on behalf of the people of Gibraltar form a total integrated package. It is a package which may not be possible to implement to perfection down to the last full stop and down to the last comma. Therefore at this stage, in the first meeting of the first House, all that we can do is to draw a broad brush picture of what the scenario is, what the thinking is, what the direction is but at the same time tie us down to specific figures in money terms which means that we are not talking in nebulous terms. We are not just saying 'we would like to build more houses' - then more houses can mean ten houses or twenty houses. We are saying 'we plan to construct five hundred houses' and if we do three hundred then we have failed and we will have to give an explanation for having failed. Therefore our targets of controlling on public spending, our targets on the capital investment programme, our targets on the reserves and on producing a recurrent surplus, can also be seen and judged by that rigid criteria. I think the reason why we have ourselves to provide such a framework, and it is not intended to be a straightjacket for the Government, Mr Speaker, but it is intended to be an honest exposition of the high standard and aims that we are laying down for others to judge us by. The reason why I feel we have got an obligation to do this is because on the 23rd March, I asked our people for a vote of confidence - on the night before polling day, and I and my colleagues clearly were given this vote of confidence in a most clearcut fashion which I think no other Government has had before us. We therefore feel we have got a great responsibility not to let our people down, not to let them feel defrauded by our performance over the next four years, and what we promised people before the election we are promising people after the election. A totally committed and hard-working Government dedicated to producing more for the people of Gibraltar, for all sections of our community, leading by example, asking for others to join us in this task, I am convinced that we will not let our people down and I am convinced that when the time comes for us to be judged by our performance we will not be found wanting. Thank you, Mr Speaker.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill? Having said this at ten to six and since it is intended to recess reasonably early today and although I don't know what the Opposition would like to do or for that matter how the Government intends to proceed, or how the debate is going to develop and whether it is intended that each Minister should make a contribution so that the Opposition will be able to reply?

HON A J CANEPA:

Mr Speaker, from the point of view of one of the Members of the Opposition replying now, the only difficulty is that you did indicate this morning that we would be recessing at six. I do not think it would be fair to ask any Member of the Opposition to speak now.

MR SPEAKER:

I was not suggesting that, I was suggesting that a Member of the Government should speak.

HON A J CANEPA:

From the point of view of how the debate is going to be conducted, I wouldn't like to see a situation in which the debate collapses as the Hon Mr Bossano will recall happened on two occasions back in the 1970's. I would hope we could be more sensible than that. We would prefer, if the Government would agree, that a Minister should make a statement of policy on his department and we would reply, naturally that is our preference. If we can agree on that I would be delighted, if not, there is a danger that at some stage the debate could collapse. I certainly wouldn't expect a Minister to stand up now and follow Mr Bossano, we would expect that to happen on Tuesday.

HON CHIEF MINISTER:

Mr Speaker, I think given the time I understand that the Opposition would not wish to give a reply to the policy statement that I have made immediately and have part of it now and part of it on Tuesday and perhaps lose the continuity of what they had to say. In any case, it certainly gives them more time to react to the policies that I have spelt out. Certainly it would be my view and that of my colleagues that each Minister would explain their policies first and then the Opposition should react, that would be our view.

HON A J CANEPA:

I would be very grateful, I think that that is the most sensible way of approaching matters notwithstanding what may have happened in the last sixteen years.

MR SPEAKER:

I think we have got a consensus as to how we are going to proceed so we will now recess until Tuesday morning at 10.30.

The House recessed at 5.50 pm.

TUESDAY THE 3RD MAY, 1988

The House resumed at 10.35 am.

MR SPEAKER:

I will remind the House that we are now at the Second Reading of the Appropriation (1988/89) Bill, 1988. It has been moved and I have invited Members to speak on the general principles and merits of the Bill. I understand that the Hon Miss Montegriffo is the next contributor to the debate so I will call on her to give us her contribution.

HON MISS M I MONTEGRIFFO:

Mr Speaker, as Minister for Medical and Health Services and Sport, with only a few weeks in office, I have already requested all manner of information in order to assess the deficiencies and needs of the Medical Services. Within our four years in Opposition, the GSLP has gathered what information was available to us and as we were being approached by the users of the Services we had an idea of the problems existing. We also met the Medical Review Team in 1986 and their Report speaks for itself. Unquestionably, Mr Speaker, we were right - the Medical Services have been allowed to decline through years and years of neglect. I have now found out that the first review was undertaken over twenty-five years ago by Dr Melville Arnott and Mr Milnes Walker. Even though we have constantly criticised in the past the AACR Government's handling of the Medical Services, today with first hand knowledge, words fail me to be able to express the situation adequately. Perhaps 'horrendous' is the nearest I can get to describe the realities which exist within our Medical Services.

Thanks to the AACR, Mr Speaker, they have left us with a legacy that should the electorate not have voted for a GSLP Government, would never have been reversed at all. I don't want to go into specific details but rather give a general picture of what the new Government has found in its very short period in office and what we have already done to set a new machinery in motion. The conditions of many wards, both in St Bernard's Hospital and KGV Psychiatric Unit, are appalling. Sanitary facilities are extremely poor. My Hon colleague, the Minister for Housing, Mr Pepe Baldachino, with his knowledge in these matters, would agree with me that quite a number of toilet and bathroom facilities would be considered unfit for human use and some are in the surgical wards, Mr Speaker, Godley and Napier. Also the wards need refurbishment to eliminate cockroaches and in the Maternity Milk Kitchen Department there is a need for the elimination of bacterial which is totally unhygienic.



We now move on to the lack of basic medical equipment. I have asked for a list and it is endless. It is unbelievable, Mr Speaker, but in Maternity there is not even an examination lamp which works properly. Requests in the past to provide or replace these equipments have not been met and, naturally, the situation has worsened from year to year. There are some Ward and office pieces of furniture that would be sent by most Gibraltarians towards one direction "El Quemadero".

I move on to another matter - statistical information. There is absolutely none, for example, there is no information of what admissions there are; how many laboratory tests have been taken; how many beds have been occupied by whom and for how long, and for what reason; the sort of operations that have been undertaken and how long after have patients had to be hospitalised. In essence, the analysis required to identify problems and whether resources have been adequately used. Procedures for complaints and customer relations are non-existent and users are as confused as employees. The relationship between public and private medicine has not been established and therefore there is little or no control over private practice and a lot of work needs to be done in this area.

I now move on to staffing and training needs and I cannot allow this opportunity to go by without reminding the AACR that when they were in Government its Minister for Health on many occasions denied in this House of Assembly a shortage of nurses existed. In accepting the recent Hill and Snee Reports he has had no option but to accept our analysis. Its recommendations are to increase the number of nurses, both trained and auxiliary. Again I would like to remind the AACR of comments made by Mr Hill, Nursing Officer of the Department of Health and Social Security in London, Mr Speaker, in his Report of August, 1986, which I have now had the opportunity of reading, and I quote: "Reference is made in 5.3 above to the comprehensive report prepared by Messrs Clarke and Newey in 1977. It is a matter of some regret that certain recommendations contained in that report were not implemented, yet still remain appropriate in 1986". So many years wasted, Mr Speaker, which have brought about the incredible delay of getting our nursing qualifications accepted and the building up of enormous nursing shortages.

This is typical of the AACR, whenever they have been faced with a public outcry they have engaged experts, accepted recommendations and then allowed their Reports to either lie idle or part-idle. They have at times shown the initial stages of implementation but soon after they have aborted the exercise. This they have done for years on end, Mr Speaker.

Moving on to the paramedical, administrative and support services staff, they are not exempt from problems either. In the Physiotherapy Department, Mr Speaker, there is a waiting list of eight weeks. There is a need to improve management and control of such areas as the CSSD, Domestic, Catering, Cleaning, Portering and Reception.

Even though the Police Authorities have improved their Ambulance Service, there is a need for another vehicle with routine medical equipment. The Prison also needs appropriate service. In the pharmacy area there is a need for better administrative arrangements. As far as management of the Medical Services is concerned, the situation is so bad it can only be attributed to the past Government's neglect over a considerable time.

To talk about the Health Centre would mean to spend a long time explaining another chaotic situation, Mr Speaker. All I can say is that there is a need for immediate improvement here as well.

Mr Speaker, the Health Authority is a new concept in Gibraltar. Its role falls totally within my Government's policy, one which we have been advocating since 1984, when we became the Opposition party. It is imperative that health decisions are taken by the Health Authority. They are now autonomous and once clearance from the Government is given directly to the Authority, they can immediately use the money allocated to them for their needs.

Mr Speaker, as soon as we were sworn in on the 25th March, the GSLP Government has been working exhaustively to start redressing years and years of neglect. With the Health Authority the first problem we confronted was the new management structure. Here we found the incredible situation where the previous Minister for Health, in the first meeting of the Health Authority, gave the green light to a structure to be implemented in four phases. Government clearance was only given for the first phase and instructions were issued by the Hon Mr Canepa to take account of financial considerations. The GSLP immediately froze even the first phase, Mr Speaker, because we wanted to be absolutely sure that the money would be spent adequately when compared to other more important areas within the Medical Services, but in so doing we gave a commitment to the Health Authority that essential posts could be filled straightaway. Therefore, the posts of a Health Centre Administrator and an Administrative Officer for Personnel, were authorised. Soon after Council of Ministers closely studied the first phase of the management structure and we have allowed it to proceed with gradings comparable to the Civil Service and GSL. If in future we find there is a real need for more managerial or clerical posts, these will be authorised. The proposed management structure means an additional thirty-one posts and a fund of £4m and this Government is concerned with how best to use the money available primarily for the benefit of the patients.

With the enormous problems we have encountered upon taking office, Mr Speaker, we must act responsibly, tackling first the more urgent needs of our community and, without a doubt, the progress we have made within a few weeks is due to the fact that we are all full-time Ministers and Council of

Ministers is meeting daily to accelerate the process of redressing the situation. As we have already mentioned, the departmental bids have been temporarily frozen because in the time available to us we could not undertake a serious analysis as to what is constant with Government policy. Therefore, the level of supplementary estimates will be higher this year. In any case, it is normal for much of these bids not to be automatically accepted by Government. Bids will hence be made directly to the Minister concerned and if convinced of its validity, will be considered by Council of Ministers on the same day. In this manner, Mr Speaker, the GSLP Government will be satisfied that every single penny being spent is consistent with its political priorities and commitments.

Things have already been changed from the old system. The new Health Centre Administrator has introduced certain improvements within the short space of three weeks which will help to decongest queues. She has introduced a system whereby future appointments are seen to on the ground floor and patients on repeat prescriptions will be having a rubber stamp imprinted on their prescriptions advising them that collection will be after clinic hours. These arrangements are being monitored but already we are getting a positive feedback.

We have already given approval for an additional post of Physiotherapist and a Speech Therapist. We are also looking into new arrangements for maintenance work. Our prime concern in taking office, was on the additional nursing staff required and even though we found there was no provision in these Estimates before the House, we told the Health Authority to proceed with the exercise as a matter of urgency. Already, Mr Speaker, I am happy to report to the House, that selections have been made and we are employing nine extra Nursing Auxiliaries, two Senior Enrolled Nurses, one Nursing Sister/Charge Nurse, one Tutor plus one Tutor Locum and eight Senior Enrolled Nurses as regradings. We envisage that they will be in post in a couple of weeks and an improvement will be seen in the different wards. We have not been able to recruit extra midwives locally but we are investigating the possibility of bringing them over from the United Kingdom on a quarterly basis until we can recruit permanent staff. We are also looking into the possibility of bringing over Visiting Consultants in different specialist areas and seeking their consent to pass over to resident consultants the latest developments in their areas.

Undoubtedly, there is an incredible amount of work to be done within the Medical Services and the GSLP has four years in which to be seen to make a marked impact as to its electoral promises. However, with the time available, since the 25th March, we have moved at a pace never seen before.

To end on the Medical Services, Mr Speaker, I wish to reiterate what I have consistently said in every Budget speech I have delivered when in Opposition. In the few days that I have been the Minister for Medical Services I have not changed my mind. In fact, I am now more convinced than ever that the Services have survived because of the efforts and dedication of the people working within them and who, today are keen to see an improvement with the Health Authority and a new Government.

Moving on to sport, again, we have found that facilities are lacking as we have been saying all along. We aim to introduce changes in the management of sport but, of course, the Opposition who have said publicly that they were going to give us time and be a constructive Opposition, have gone back on their word and expect us to fulfil our commitments after only a couple of weeks in office. Even in these Estimates, which we have had very little time to study and which were prepared by the previous administration, we have already fulfilled one of our commitments and that is increasing the grant to Sporting Associations. This is now £40,000 as compared to £15,000 given previously. £10,000 of this money is a token provision for the Island Games participation in Faroes.

Mr Speaker, we are now having to put right the chaotic situation we have inherited but, in any case, I can assure the House that within our first term in office a noticeable improvement will have taken place. Thank you, Mr Speaker.

HON M K FEATHERSTONE:

Mr Speaker, the Hon Minister for Medical Services is a master, or should I say, a mistress at the use of hyperbole. She uses words such as 'horrendous', indiscriminately, but we all know that the hospital is an old hospital, we all know that the wards are not in the best of condition, we all know they suffer from a lot of defects, defects which have been passed to the Public Works Department and which they try their best to remedy but as fast as they remedy them other defects occur. It will be interesting to see how the new Minister for Public Works gets on with the repairs at the hospital which are apparently so urgently needed. As far as refurbishment is concerned, we started last year and we spent, I believe, some £30,000 on refurbishing Godley Ward with new furniture, new beds, etc and that was going to be an on-going programme. I am very interested to hear the Hon Minister complaining there is a lack of statistical information. If she is going to get this information she is going to be asking for extra staff. We heard earlier from the leader of the GSLP Government that extra staff would not be taken on. Well, we will have to see exactly what they are going to do. Reports did not remain idle, they were worked on and I think the fact that the Gibraltar Health Authority was established in our time, in December last year, shows only too well that the Report of the Medical Team that came

out here was worked on with expediency and with a sense of urgency. We are now told we need another ambulance. This is going to cost another £30,000 a year at least. All this is going to be more and more money, it is astonishing how the amount of money is going to build up. But one of the things I would like to say as far as the Medical Services is concerned is that they are asking for a subvention of nearly £7m without a shred of evidence how this is arrived at. This is brazen insolence on the part of the Bossano Government in general and of the Minister in particular to the House of Assembly, to the public and to the Opposition. We shall vote against this subvention. When I was Minister for Health I was asked how the Gibraltar Health Authority would get its funds and I said 'by a subvention' and I promised to supply a list of figures of how such a subvention would be made up. But what have we got? Nothing. It is not that we do not support the Gibraltar Health Authority but we cannot blindly give £7m without some modicum of detail as to how it comes about and this is £7m after allowing that the Gibraltar Health Authority will receive all the monies from the Gibraltar Medical Service Scheme of insurance and the hospital and laboratory fees. As I said before, the lack of figures is sheer brazen insolence on the part of the Government and I would hope it is not a sign of how they intend to conduct the business in the House, especially with their promise of open Government. Mr Bossano in his address to us gave us a lot of figures.....

MR SPEAKER:

The Hon the Chief Minister, I imagine.

HON M K FEATHERSTONE:

The Hon the Chief Minister, yes, I apologise. The Hon Mr Bossano gave us a lot of figures of how they intend to spend their money over the next four years. The I&D Fund, he said, this year is going to spend £8m; next year £12m; the year after that £16m and the year after that £20m. Yet he says there will be no slippage. Well, we shall have to see, he is being, I think, a little optimistic if he hopes to spend all that amount of money without any slippage taking place. We shall monitor how they spend the money and we shall remind him quite efficiently where slippage does take place. All this money is going to be funded, we understand, from loans and these loans are going to be serviced by the investment companies that are going to be set up. It is hoped that all these companies make a lot of money because a lot of money is going to be needed to service these loans of some £50m or more over the next four years. At the same time the Hon Mr Bossano said that recurrent expenditure is going to be kept down to an increase of £1m per year over the next few years until the economy can give more money. This increase is less than the current rate of inflation so it means that

they are going to have to either cut back in certain areas or become eminently more efficient. We shall see how this goes on and it will take time to work through. We are not going to criticise at the moment, we are going to do a policy exactly as they are doing of reviewing the situation.

The Hon Mr Bossano complains, as has the Minister for Health, of the lack of statistics. The Input/Output Survey will be ready by 1989 and then in the same year we will get the National Economy Council. All these are joy to the Hon Mr Bossano who has a love of statistics, who feels that statistics are the be-all and end-all of everything. We wish him well with them but I can see that the Statistics Department of the Government is going to increase in size if they are going to provide all the figures that he wishes. Once again this seems to be out of tune with his statement that they are going to prune the Civil Service. We are going to get no change in taxation for four years. This goes somewhat against the position put forward by the Hon Leader of the Government when he was in Opposition, that the amount of taxation should be on a par with the United Kingdom, that the allowances should be increased to the United Kingdom figures. Now, apparently, we are going to get no changes whatsoever. How different it is when you are in Government to when you are in Opposition, Sir.

The dockyard is going to become an industrial park. We need a huge investment with regard to infrastructure. All this will have to be seen and we will be monitoring it very closely. All in all, the Hon Mr Bossano has put forward a plan for Utopia but it seems to be that he is rather like the person who has won £10 in the lottery and has now gone to the Casino and plonked all the money on one number in the hope that it comes off. If it does come off and good luck to him if it does, then Gibraltar will have made a great profit, but if it doesn't come off then we will face a serious situation where all the planned socialism which was reminiscent of the Socialist Soviet Republic's four year or five year plan would go down the drain.

Public Works, Sir, does not offer us anything scintillating except, perhaps, that workers leave on sick pay shows a dramatic increase. This means that perhaps they are going to give them more sick pay and more leave and this seems to be somewhat out of consonance with their plans to motivate the workforce to work harder. Increases are also shown in the cleaning of highways, I wonder if all this is flushing and public toilets. This is to the good but disposal of refuse is down considerably. We hope the Government will be able to keep within the figures envisaged but we expect supplementaries in due course, in fact, I should imagine that the supplementaries which we have been told will only amount to £2m will come to considerably more than that before the end of the year. We take issue whether the unallocated stores will keep within the straightjacket put upon us by this subhead. It is very odd that only £1,000 has been shown

as spent over the last year on the City Plan, I thought the City Plan was practically complete and that most of the expenditure on the City Plan had already taken place. One thing we note is that no money is being voted except for a small revote, for new plant and vehicles. This is to be deprecated as plant and vehicles need to follow a regular programme of replenishment. If we are having old plant which is out of action for six months of the year or if it costs more than it is worth to keep it in working order that is not good economy. But we shall see how the Minister for Public Works performs in the coming year and we shall watch over carefully to see that he keeps within the figures that he is putting.

The budget today, apart from the grandiose plans of the Hon Mr Bossano, is the Hon Financial Secretary's budget, the Government are dancing like puppets to the Hon Financial Secretary's tune. For once the Hon Financial Secretary has been able to have his way. We will see whether they stick to the straightjacket he has put upon them or whether the amount of supplementaries that will come through during the months to come will push the budget well above the figures that they have estimated. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, just to mention one of the points that the Hon Member made in terms of Public Works and that is on the question of plant and vehicle replacement. As he most probably knows, all new expenditure is frozen and subject to review and that doesn't mean that we will not get some extra plant and vehicles during the year but we would have to look at it on its merits on every occasion. Mr Speaker, one of the principal objectives of this Government is to ensure that the public service is geared to meet the demands made upon it by the community and therefore enhance and improve upon the service it already provides. To this end, the movement of Government employees into the GSL area into purpose built offices, stores and workshops accompanied by a physical restructure of each department, where it is seen to be necessary, should go a long way to improving this service. This, and the computerisation of the Government service, will ensure a greater liaison between departments which will eliminate a substantial amount of unnecessary duplication and create the necessary climate in which to deploy manpower in a more efficient manner. As we said in our election manifesto, Gibraltar's greatest assets are its land and its people and in using these effectively, Government will be able to maximise and therefore improve the service it provides the customer which is the people of Gibraltar as a whole. All this will be done in close consultation and with the cooperation of the Trade Union Movement which is already complaining about the inadequacy of the working environment of its members. They would therefore welcome an improvement in this area which, again, is an important element in promoting efficiency within the service. It is only fair

to say that this programme is an ambitious one in relation to the four-year term of office of the GSLP and particularly taking into account the system of work which we have inherited. It would seem that little or no attention has been given to this in the past and even the simplest task of compiling information is being undertaken without the necessary tools, with the result that it takes a long time to produce. Mr Speaker, to give but one example of this, I will explain what I discovered in taking office in respect of the vote for the Maintenance of Buildings shown under Public Works. You will no doubt recall that during my four years in Opposition I consistently made reference to this vote and argued that most of it, if not all of it, should be allocated under the different Departmental Heads for which funds were intended to be used. That is to say, if out of the £826,500 allocated in this year's Estimates, there is a programme of works of, say, £100,000 for the Education Department, this cost should be borne by the Education vote and not the Public Works vote. As it happens, although there are a substantial amount of work already programmed, these are not properly costed and therefore no fixed sum is allocated to each department. The works programme also changes during the year depending on priorities, therefore making it totally impossible at this stage for specific allocations to be made beforehand. The idea of re-allocating the costs at the end of the financial year, although a simpler method, can therefore only take place on the basis of a guesstimate of costs for each job. It is surprising that having raised this point in four consecutive budgets, nothing whatsoever was done about it by the previous administration. Hopefully, by next year, a method will have been worked out so that this vote is allocated in a manner which makes more commercial sense. Mr Speaker, the whole question of how we organise water and electricity supplies must necessarily be looked at in relation to the Government's full development programme. The movement of activity into the GSL area could therefore affect the re-siting of new pumping stations for which ODA is being pressed to make the necessary funds available. In this context, the potable water and salt water network analysis will have this included in its terms of reference once the necessary funds have been approved by ODA. With the limited time available to the new Government, it has been impossible to look into each department's submission for new expenditure. Any funds for which no contractual obligation existed does therefore not appear in the Estimates with the exception of some projects which have been approved without scrutiny because of the importance of moving quickly in these areas. To give but two examples, one is the expenditure shown for the repairs to Bayside School and the other is the Telephone Service which is considered by the Government to be an area of expansion and vital for the expansion of the rest of the economy. Already we are looking at ways of expediting telephone connections and cutting down the present waiting list whilst at the same time taking a close look at our capacity in respect of anticipated demands. Once GIBTEL commences its operations, it is expected that



extra circuits will be made available, so that international trunk calls will not be subjected to delays. On GIBTEL itself, Mr Speaker, as I said during Question Time, because of the on-going negotiations between the Union and Management and the Government and British Telecom, as joint shareholders of the company, I am in no position to give a statement at this stage. However, all the details and the necessary documentation will be made public once the matter has been resolved. I would now like to return to the Electricity Undertaking for one moment. The provision made in the Estimates for the skid-mounted generators falls short of the total cost and supplementary expenditure for this will have to be voted in the House. Had a quick decision not been taken in returning the generators, the amount of public money wasted would have been considerably higher. Mr Speaker, works on problem buildings, replacement of balconies and general painting will now be looked at afresh in the context of the new Government's priorities. Similarly, the roads resurfacing programme will be looked at in this light taking into account the Government's overall development plan. There are some areas where it is already recognised we have to move fast but others need to be included in the Government's overall plan. I already mentioned that cleansing is an area to which priority is being given. Authorisation has already been granted to the Public Works Department for the full complement of sweeper/flushers to be employed and in looking at the cleansing programme consideration will be given to increased overtime if found necessary. Let me say here that one of the complaints of the Public Works Department was that it could take up to five months to employ someone prior to the elections. Since then, measures have been taken to cut down on red tape in this respect and further consideration is being given to the whole method of employment in Government Service. In order to provide a better service at the Post Office counter, Mr Speaker, Government has approved the employment of two extra Administrative Officers. This, again, is not included in the Estimates and will form part of the supplementary expenditure. As regards traffic, Mr Speaker, a plan is at present being prepared with the object of achieving a better flow of traffic in Gibraltar. This plan is also looking at the possibility of opening up new parking areas both in the centre of town and in heavily traffic congested areas. Once the plan is ready it will be exhibited publicly with a view to attracting comments from the general public, before putting it into effect. Bodies, representatives of transport, will be consulted separately. Mr Speaker, as regards the Prison, I must stress that although there is no commitment on our part to build a new one, the problem of overcrowding is recognised and will have an important bearing on whatever decision the new Government takes. Rome was not built in one day and the input in maintenance and replacement of buildings that Gibraltar needs, likewise, cannot be achieved overnight or for that matter in four years. We shall implement our programme in full and look at priorities in other areas as they come. Thank you.

HON K B ANTHONY:

Mr Speaker, I listened on Friday to the contribution by the Hon the Chief Minister of his four-year plan. It is an expansive, and I feel, a rather over ambitious plan. My Hon colleague referred to it as comparable to the Soviet Union's four-year plan, I think it is more comparable to Chairman Mao's great leap forward, the year of the great leap forward. But when you leap, you often fall, and that is something that I think the Government must bear in mind. The Hon Chief Minister said that the Government is demanding a lot of themselves and will be demanding a lot of others, an admirable concept. But at the moment the Government is demanding a lot of themselves because they are a new Government and they are working morning, noon and night to put their house in order, as new boys in Government. I do not think people get motivated by watching other people work hard. People get motivated for one simple reason - gain, promotion prospects, money prospects, but not because they see other people working hard and then they will say to themselves: "I also will work hard, that is a marvellous example". That is why I have doubts myself whether the motivation for the people who are going to be moved into this industrial park is going to be as successful as the Government hope. The aims stated by the Hon the Chief Minister were to, and I quote: "maximise and mobilise resources of the Government in terms of property and manpower". It is a nice phrase, it is a nice sentence. In terms of property I agree, we do need to mobilise property but mobilising manpower by making everybody work in a large industrial park with custom built workshops, custom built offices and the movement of Government companies into one large - and I use the word tentatively - 'ghetto' of industry is not necessarily going to be good for the people who are going to work there. A lot of people may not want to work there, there are many people who are quite happy to walk to their place of work at the moment, now they will have to look for transport. Government didn't mention any special bus services to be laid on to take their workers in their thousands into their industrial park. Not everybody has a car, not everybody can drive a car. So perhaps it may not be as easy to get people to work so fully, so wholly, to the wishes of the Government. I was delighted to see that all of this will be carried out in consultation with the union, I think that is excellent and I am certain the situation will never arise where the workers have to do what the shop stewards say. I hope it is the other way round, as is the case in every democratic union, where the shop stewards reflect the views of the workers and not the other way round. The fiscal policy, Mr Speaker. Number one was no increases in personal taxation over the next four years. I should hope not, we are one of the highest taxed regions in Europe as everybody is aware. I would have been delighted if the Hon Chief Minister had said of a possibility of a reduction in personal taxation over the next four years. He did not say this and therefore in the absence of him saying anything I can only assume that there will not be any reduction. The

examination of methods of collecting taxes to make it more efficient. Well, of course, everybody is delighted with this but are the people going to feel the benefit of this or is it just going to be more money into the Government's coffers? I don't know. Incentives of investment for the man in the street - I assume this refers to the new Gibraltar Bank. I am no banker and I am no economist and I say it quite openly but I do not believe that a bank can undercut any other bank in any way. I think the banks are governed by their own rules of investment, so I don't know what incentives of investment for the man in the street will come with the Gibraltar Bank that does not exist in the existing banks in Gibraltar. The Hon Chief Minister referred to an interlocking concept, his words. Now I look at this from a mathematical point of view. If one is tackling a problem in mathematics, say, an algebraic problem, you normally go by steps - a to b to c to d and this is how I see interlocking, but if an error creeps into any stage it is reflected in subsequent stages and I hope that the Government have kept this in mind in their planning of their interlocking concept for the next four years. I feel myself that they have set themselves a task that perhaps will be as challenging as that that faced Sisyphus who had to roll the rock to the top of the hill and over the brow and he could never do it because when he got to the top of the hill the weight of the rock took him back to his starting point.

I would like to comment on a few of the areas which I am shadowing, Mr Speaker. The Generating Station - the Hon Minister for Government Services told me at Question Time that No.3 set would be on stream at the end of the year. I feel this is too late because the end of the year could well be the 31st December and if it went on stream on the 31st December he would be absolutely accurate in what he said. But I would have thought that September, October, November and December are months when we are going to have higher electrical demands than we have at the moment, winter will be coming on and I would have been much happier if this set could have been brought on stream earlier. The expense of this set not being on stream has been immense and I would urge the Hon Minister to try and expedite the situation in this particular field.

HON J C PEREZ:

If the Hon Member will give way. Mr Speaker, the end of the year is when engine No.3 is expected to be completely operational, that is, having passed its initial stages, after it has been tried and everything else. It is expected that by the autumn engine No.3 will already be producing electricity. If the Hon Member is so keen to get it more advanced the only thing I can suggest is that we employ him for a nominal fee and he can go down and help the mechanical section.

HON K B ANTHONY:

Thank you very much and I will tell you I am quite willing but not for a nominal fee. Now I will speak briefly on GIBTEL. As you all know GIBTEL should have been fully under way on the 1st January but to date it still doesn't employ any of the ex-employees of Cable and Wireless. GIBTEL faces an outstanding wages claim of £160,000 and no doubt this will go up as time goes by and there is also the magical figure of £335,000 about which there is still an element of mystery. Although the backlog is being cleared up by the ex-Cable and Wireless employees, the damage to the business community that has been done through this industrial action is still there and it is going to take a long time for GIBTEL to regain the support of the business community who have been forced to find alternative methods of communication. I trust that the Hon Minister for Government Services will expedite this situation.

I spoke on Friday about the Prison at Question Time. The Prison has two factors against it, firstly, is the overcrowding. This is as a result of the vigilance of the authorities in combating drug smugglers who are punished according to law, but a prison can only hold so many people. So we need a prison, not only on the overcrowding issue, but also because it is in the Moorish Castle area and this, I feel, is an infringement of our heritage which is very important to all of us at this moment. So, again, I would suggest that the Minister for Government Services does his very best to expedite the situation and go quickly into the prospects of having a new prison built as soon as possible.

HON J C PEREZ:

If the Hon Member will give way.

MR SPEAKER:

We will not have a debate. You will have occasion to reply at Committee Stage but, anyway, do by all means go ahead.

HON J C PEREZ:

I have already told him there is no commitment on the building of a prison.

HON K B ANTHONY:

Mr Speaker, I am simply pointing out the urgency of the situation which I mentioned on Friday and I am repeating again on this Tuesday morning, I am sure the Hon Minister understands that. Mr Speaker, we shall be watching with intense interest the progress of the Government's stated four year plan. On this side of the House we regard ourselves

as the watchdogs of the Government and we are going to carry out this task with diligence and we will be bringing the Government to task as and when we consider necessary. Our objective is to be constructive, not destructive, towards any of the policies of the Government and if they are found wanting in the achievements that they claim will be realised then we shall point out these facts as and when they occur. Thank you, Mr Speaker.

HON J L BALDACHINO:

Mr Speaker, in speaking of the very serious housing problems created by the previous AACR Government, I would like, first of all, to refer to the speech delivered by the Leader of the Opposition in the Opening Ceremony of the House of Assembly when he described the GSLP Government as 'Mr Bossano and his not so magnificent seven'. I would never consider myself to be magnificent but as the reference has been made by the Hon Leader of the Opposition, I will now inform the House of what I have inherited, as Minister for Housing, from those who thought they were magnificent. First and foremost, I found that there were only seven pre-war vacant housing units, all undergoing repairs by PWD. Yet, the latest available figures showed that up to December 1987 there were 2,215 applicants in the Housing Waiting List. The figure in January 1986 was 1996 but in December of that same year the figure had risen to 2,089, an increase of 93 applicants. In January 1987 the figure continued to rise to 2,106 and during the year increased by 109, bringing the total number to the 2,215 I have already mentioned. Immediately we took office, I asked my department to provide me with statistics. The following is the situation relating to families living in sub-standard conditions, classified by the previous Government as Transit Centres: At 15 Town Range - 28 families; In 39/41 Town Range - 7 families; At Red Ensign Club - 13 families; At White Rock Camp - 10 families; In North Gorge - 42 families, and in Hargraves Parade - 26 families, a total of 126 families living in so-called Transit Centres and for them, Sir, I had the magnificent figure of seven disrepaired flats. Even worse, I have found out that there are 76 families living in condemned dwellings. However, I consider this figure to be conservative as no Housing Survey has been carried out by past administrations since 1974. Included in the above figure are 63 social cases of which 16 applicants are considered to be homeless and medically categorised cases. I now have to mention those buildings which, due to the negligent attitude and lack of proper and comprehensive maintenance programmes, have been allowed by the AACR Government to fall into such a state of disrepair that there is now no option but to demolish them, as otherwise the buildings would constitute a public safety hazard. I am referring specifically to: Police Barracks, 30 Castle Road - where we still have to decant 12 families; 4 Rodger's Road - 4 families still to be decanted; Jumper's Building - which

the previous Government had already decanted but which when added together constitutes a total loss of 66 units to an already insufficient housing stock. Sir, a sad epitaph to the deplorable performance of the Hon Leader of the Opposition and his magnificent seven. The foregoing, Sir, I am certain represents the tip of the iceberg and I am convinced that when an in-depth survey of the housing stock has been completed many more will surface. Mr Speaker, Danino's Ramp was passed to and accepted by the previous Government in such a state of disrepair that we now have the obligation to rehabilitate the building at our own expense and in the most awkward of conditions and with the tenants in situ. This, notwithstanding the fact that the law clearly states that when a lease expires the lessor must transfer his property to Government in a habitable state. Mr Speaker, at the time the AACR had the power to either repair and charge the lessor or force him to carry out the necessary repairs before handing over the property. However, the AACR chose to do neither. Sir, yet another of the many disastrous failures of the AACR Government in their dealing with the housing problem. There is no doubt that the situation is shocking, representing many years of neglect and indifference to the plight of hundreds of citizens who have had to endure living in primitive and atrocious conditions. As promised in our election manifesto, we are already engaged in alleviating the worst and most urgent cases. Sites have already been identified where we propose to put up suitable pre-fabricated units to bridge the gap until our programme of permanent houses is implemented. Gibraltar, Sir, will for the first time see a Government undertake a significant housing construction programme totally without budgetary aid from the UK. Mr Speaker, plans are well under way and, as promised, housing will receive the priority it deserves. In our first term of office the 500 units will be a reality. Furthermore, Sir, they will be low cost houses to enable those in the low income bracket to be able to purchase or rent a house in the most favourable terms possible. This will undoubtedly give the opportunity to those who have been forced to seek accommodation in the neighbouring areas to come back to their homeland.

Mr Speaker, in a different vein but also on housing, during our first term of office the Government will review the Landlord and Tenant Ordinance in order to make it more balanced and fair to all the parties concerned. Sir, I take this opportunity to inform the House that the Housing Allocation Scheme which was revised in 1987 and which was perhaps the only action initiated by the previous Minister for Housing during his whole term of office, is now in the process of being implemented but we may well find, in the light of experience, that certain adjustments or amendments may need to be introduced. Sir, I would also like to point out that as a matter of policy it has been decided not to grant permission for persons to be registered as a resident in a Government dwelling unless he or she could qualify as an entitled person under the Housing Special Powers Ordinance.

Mr Speaker, as an indication of the priority given to our housing policy we have, notwithstanding the short period of time since we came into power, allocated the sum of £18m to the I&D Housing Fund for the building of the 500 units of which £2m will be spent during the course of this financial year. Against this grim background, Mr Speaker, you will appreciate that the Government has inherited a mammoth task. Even so, Sir, this Government is determined to meet the challenge head-on with resolution, firmness of purpose and political will to achieve in our first term of office what the AACR have been incapable of achieving during their last two or three terms of office. As promised, Sir, the GSLP Government will prove that we do care for the community. Thank you very much, Sir.

HON LT-COL E M BRITTO:

Mr Speaker, I rise to address this House to answer in my position as spokesman for both Sport and for Housing and I will speak in that order and in which Hon Ministers have spoken. I would like to start by referring to the defensive attitude of both Ministers, not only this morning but during Question Time on Friday during which they tended to hide behind the five weeks in office or the platitudes and the election type statements that we have heard this morning. I have tried, especially in my questions on Friday, to look forward rather than backwards, and it was in the hope that the Ministers would answer in that same vein, that the questions were posed. I am sorry to see that not only were the answers defensive but that this morning, once again, the Hon Minister for Sport has referred to the Government not being given time to announce their programme or fulfil their election promises. Mr Speaker, I was not asking and I am not asking this morning for the Government to tell us that in the first five weeks in office they have completed their promises but I would have thought that the Hon Minister for Sport, having regard to the GSLP manifesto which said, for example, that the GSLP had already met with a number of Associations and Clubs and explained its policies and given firm commitments, would be in a position to have answered a question on what arrangements were intended for the management of sport with a little bit more detail than she has done already. I cannot but conclude that because of the lack of detail and because I was told on Friday that further consultations were needed with the Associations concerned that, in fact, there are no definite plans in that area at the moment. I stand to be corrected, if that is so, by the Minister. I would also hope that in future my questions are given a more informative and more forward-looking attitude than they have been given during this session.

I will now dwell on sport in particular and I would, first of all, say to the Hon Minister that I welcome the Government's commitment to increase the grants to Sports Associations. However, I would refer to the principles that are raised in the bidding allocation and control of funds

and would ask the Minister, once she has finished her consultations with the Associations, to acquaint us on this side of the House and, more importantly, the public in general and the Sporting Associations as a whole in particular, on what system she intends to install or put into place for the bidding for these funds and who, more importantly, will be entitled to bid. She has already supplied me, and I thank her publicly for it, with a list of the registered Associations and Clubs which number 34, I am told, because I haven't counted them, I assume it is right, and I stress that there are Associations and Clubs and wonder whether they will be given equal priority in their bidding. On the question of allocation and I understand that funds have already been allocated, I look forward with interest to learning what arrangements will be made for the allocation of funds, whether this will be by the new Sports body that we are promised or whether they will be by direct Ministerial allocation. Similarly, I will be interested in what priorities will be given to the allocation of these funds, whether they will be large grants to a small number of Associations or vice versa. I urge the Minister to publicise the system and the actual allocation of grants so that all Associations are aware what other Associations are getting. I also urge her, bearing in mind that most Associations are controlled on an amateur basis and on a part-time basis by totally dedicated people but nevertheless very much on a part-time basis, I urge her to plan the budgetting and the allocation of funds twelve months ahead rather than on an ad hoc basis so that the best use can be made of these funds. Finally, I shall be looking with interest to see what system of financial control is exercised over the use of such funds by Sporting Associations once such monies have been allocated. I shall look to the Minister for confirmation that such funds have been expended by Sporting Associations in the manner in which they were applied for and perhaps she may consider publicising those, as I said before. I come now specifically to the Government's commitment to underwrite the Island Games and I will start off by saying quite clearly that, in principle, I support totally the financial support of the Island Games Association but I urge the Minister to be careful on the path she is taking. It seems to me that she could be navigating in unchartered waters and she could find herself up the creek without a paddle. The token allocation of £10,000 to which she referred this morning for the Island Games, is a well chosen word because in my estimation it is likely to be more like ten times that figure that will be needed to fund this participation. And a large sum which I hope will be controlled because many questions arise out of this allocation. Is the Government committing itself to supporting the Island Games every two years? Because that is the frequency of these Games, as I am sure the Hon Minister is well aware. Is she by implication or is the Government by implication committing itself to supporting also our participation in the Commonwealth Games which are held every four years but which has been in existence much before our participation in the Island Games and, if not, maybe at some



stage we will find out why not. What proportion of financial help will the Government exact from the Associations concerned? Also what limitations would it place on team numbers, on composition and on the use of the funds allocated? I will end by saying what I said at the beginning that I support in principle the financial underwriting of these Games but I warn the Government to be careful of the path that they are treading because of the precedent that they are setting. On the new arrangements for the control of sport which the Minister has referred to but which she has not been able so far to provide us with details, I look forward at an early stage for indications of what these new arrangements will be. It would appear that the Government is thinking of removing control of sport from the Education Department and that raises the question whether it will go to another Government Department or it will come under the Minister directly. It also implies the replacing of the Sports Federation and the Sports Committee by the new body and, again, I look forward to details of what this new body will consist of. Which Sports Associations and which Clubs will be represented? Whether members will be appointed or elected? How will the Government ensure that members who are appointed or elected to this new Sports body cease to be members once they are no longer representatives of the interests they originally supported? Will it have responsibility for financial grants? Lastly and not least in importance, whether it will be Chaired by the Minister directly or by an independent Chairman?

I now come to the question of housing and the contribution by the Hon Mr Baldachino and I would start off, first of all, by taking him up on a point on the question of Housing Surveys not having been done - I forget what year he mentioned. I am reliably told from this side of the House that the 1981 Census contained a full Housing Survey which, in fact, updated the last Survey. We look forward to the commitment by the Government to build 500 low cost units which we welcome, in principle, but we are unhappy with the blanket provision of £2m made in the Estimates under the Improvement and Development Fund. We would wish to have more information on the locations, the timescale, the method of tendering, the type of housing etc, etc which we will be asking for at Committee Stage before we vote on a substantial amount like this. On the sale of Government properties, once again we are unhappy with the lack of details supplied in the receipts section of the Improvement and Development Fund where the figure of £1.1m from home ownership and £1.75m from other sales are given and I hope the Minister will be in a position to give me more details during the Committee Stage on how these figures are made up. On sales, in particular, we on this side of the House look forward at an early date to a Ministerial Statement on Government policy on home ownership and on sales of Government Housing, in particular. I refer now to the emergency housing that the Hon Minister referred to and whilst, again, welcoming the principle, I notice that there is no financial provision in the Estimates

and I shall be interested to know during the Committee Stage whether this comes under the £2m provided in the Improvement and Development Fund. I shall also listen with interest when he tells us about the sites that he has identified. On maintenance and remedial works, I stand to be corrected during the Committee Stage on how much of this is due to the Government's policy of freezing the departmental bids and how much is due to an apparent policy of reduction as is reflected in the Estimates at the moment. Finally, on a very minor point on housing, it would appear to someone as inexperienced as myself and I stand to be corrected by the Hon the Financial Secretary, if I pass a small comment on the apparent accuracy of the estimated Estimates, if I can call them that, in Head 12, Housing. It seems to me that seven out of the eleven subheads under Other Charges do repeat the 1987/88 estimate for 1988/89 without apparently noting the substantial changes reflected in the 1987/88 outturn. If you refer to subhead 5 in particular, it would appear to me, again in my relative inexperience, that the estimated cost of running the centres would appear to be questionable. Finally, as a matter of interest, I shall look forward to the Hon Minister's comments on why there is no provision for bad debts in the Housing Fund and whether he has discovered some magic formula for eliminating bad debts. I will conclude my contribution, if I may, Mr Speaker, by again excusing my relative inexperience as a newcomer to this House and by trying to make some constructive suggestions which I am sure will appeal to the heart of the Hon the Chief Minister and maybe even to the Financial Secretary, on the presentation of the Estimates as viewed for the first time in detail by someone like myself rather than by someone like yourselves who are so used to finding your way around them. These are made in a very constructive spirit and as a means of better understanding and better readability by people not as adept as yourselves. Firstly, it would seem to me that there is a clear case for separating the different sections of the Estimates in a much clearer way than in which they are and if I refer Hon Members to the Gibraltar Accounts, the couple of examples that I will give are reflected very clearly there. If the sections on Revenue, Expenditure, the Financial Statements, the I&D Fund, etc, were to be in different colour coated paper or even tabbed, it would be much easier to find one's way around them. Similarly, it would seem to me that this division into sections could be reflected in the index and that certainly the index could be improved by an additional index covering the I&D Fund. The introduction of explanatory notes, although a possible bugbear, would certainly make life easier for those of us who are new. Another very small point about the binding of the statement of assets and liabilities side by side instead of back to back would certainly make life a little bit easier. So much for the cosmetic comments, from the accountancy point of view, it would also appear to me that itemised comparables as opposed to global ones in the Statement of Assets and Liabilities would also make life more interesting. That the treatment of Wages under the different expenditure Heads

could profitably be standardised as opposed to being treated as a separate item in some Heads and globalised under different Heads where they become unidentified. More footnotes on the cross referencing between sections would be helpful especially in some areas where it is difficult to identify figures from one side to the other. Finally, a question which comes from curiosity more than anything else, but I am intrigued as to why Government properties in bricks and mortar are not reflected or not considered as assets anywhere in the accounts. That is not meant as a criticism, that is meant as a genuine question. That is all, Mr Speaker, thank you very much.

HON J L MOSS:

Mr Speaker, the Government's four-year plan has been castigated this morning by the Hon Members opposite using their by now customary geographically colourful comparisons. I would suggest that the Government they had in power before was the Government of Dr Doolittle and that for sixteen years we have suffered the AACR's version of the great leap backwards. I wish to make a contribution which reflects the current state of affairs in matters relating to my responsibilities in the fields of Education, Youth and Culture. Clearly, the Government sees a direct relationship at this point in time between these three responsibilities which I think requires no explanation. Education is the very foundation of our society. It is the seed from which our future is sown and this Government is committed to making that future very bright indeed. One of the first commitments we have honoured, after our overwhelming and quite unprecedented electoral victory, has been in the field of education. Here, Mr Speaker, I would like to point out that the yardstick for our success will be the commitments given in our manifesto, not the empty promises made by those who opposed us. The commitment we have fulfilled has been the scrapping of the antiquated and discredited points system. This system had stifled our youth for years and denied hundreds of intelligent young men and women the chance to further themselves and, in doing so, further the interests of our community. Although the other political groupings did not believe this was achievable, we considered it a priority which could not be delayed. Despite ill-starred attempts to blacken the good name of our hardworking Sixth Formers by suggesting they would simply sit back and not work to obtain their places in educational establishments in the United Kingdom, our initiative has been welcomed with open arms. Not just by the students who can now devote their complete attention to their work, but by persons of every sector in our community. Mr Speaker, this Government has faith in our young people. We know they have already reacted positively and are sure they will respond to the challenge which our policy represents. Locally, our schools and establishments show evidence of a neglect which goes further than one term of office. The truth is practically all our schools are years behind in terms of maintenance and in terms

of repairs. A complete lack of policy directives from past Governments is largely responsible for this. As Minister for Education, I find it ironic that the Opposition should evince so much concern about so-called delays to new projects when most of the faults in existing buildings have been inspired by the administrative chaos fostered not over five weeks but over sixteen years. This is the legacy we have inherited. Nevertheless, we are determined that a significant improvement will be seen in this, our first term of office. I have already mentioned one aspect of the Government's training policy. This is only a part of the comprehensive whole, which will include a training scheme for those school leavers who will not be pursuing higher education. Government will address itself to the training needs of these youngsters in order to maximise their contribution and participation in our society. For the first time ever in Gibraltar training will be related to employment needs and this will help eliminate the unwanted millstone of youth unemployment which has been with us for far too long. As has been said by my colleagues on other occasions, we do not believe there is anyone who can be considered truly unemployable, although there may be cases where some difficulty will be found in obtaining a particular person suitable employment. I have already mentioned the faith this Government has in Gibraltar's youth. This is not a blind faith. It is a recognition of the way in which our young people have responded to crises, how they have risen to occasions time and time again in all sorts of spheres but, particularly, in the field of charity work. These youngsters, both within and outside the youth organisations, are the often unsung heroes who have brought happiness to so many - to the elderly, to children, to the handicapped, to people in the third world. Young people who have given unselfishly of their time and efforts to help every worthy cause which has approached them. And yet, how often before have we seen the figures of Government and the establishment reviling these same young people simply for holding different opinions to theirs? Instead of using their energy for the betterment of Gibraltar. That will not be the way of this Government, Mr Speaker. In this Government, the youth will find a friend and a partner. As recognition of the special part youth have to play in our vision of a better Gibraltar, I have the honour of being Gibraltar's first ever Minister for Youth Affairs. Having already established valuable contacts in my first weeks in office, I look forward to a long and fruitful relationship with, I do not blush when saying this, Mr Speaker, my peers and contemporaries. It is a historic triumph for our youth to be represented and recognised by this House. It is no secret culture holds a very special place in my affections, but it is not through selfish reasons that I am delighted to have been charged with the responsibility for culture. It is central to the idea of a people's identity that there exists a flourishing culture. There are many elements which make up culture and quite a number are already extant in Gibraltar. What is needed is direction and a Government policy which, whilst not interfering with the product, allows the

various groups and associations to seek advice and assistance from Government. This Government will endeavour to increase and enrich the cultural life of our Rock. With the efforts of the many talented persons involved, I feel the time is ripe for a cultural renaissance. This Government will not be ruled by the Philistine principles of our predecessors. It may well be that our artists and performers will do more for Gibraltar's aspirations to self-determination than any number of paper studies into free association. Mr Speaker, this new House marks an end and a beginning. The end of an era of Ministerial indolence and the beginning of a new era for we shall achieve the Gibraltar which we feel we deserve. Thank you, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, before I delve into those areas which I have the honour to hold shadow responsibility, I would like to say in reference to the Chief Minister's speech on Friday that we view, the Government's policies for the next four years as over-ambitious but if they succeed in everything that they are setting out to do, I shall certainly take off my hat to the other side. I am, however, concerned at the delays that some of the projects are going to encounter. I am referring of course to the two new schools in the South district which badly need to be rehoused, St Joseph's First which is earmarked to be built on the Rodger's Road site, of course, we still have to await the outcome of the survey and I sincerely hope that it will be a satisfactory survey. The Government on Friday in answer to questions on the schools said that they first had to finalise the housing development policy before knowing where best to site the new schools. Mr Speaker, I am afraid that this is a load of poppycock. Irrespective of where Government decides to put the houses, the fact is that in the South district we already have existing developments which have already produced extra children in that catchment area. We have the Vineyards Project about to be finished, if not this year possibly next year which will mean extra children in that area. So really the problem exists in the South district today and it will be even worse in September of this year and September of the following year and the Government should be planning on that basis. I therefore urge the Government most strongly to take decisions regarding the two new schools in the South district as soon as it is possible. The same arguments apply to St Anne's School in Glacis. They have patiently waited for that extension for years. It is not that we did not have a policy in the past, we had a very clear policy in 1984 which I said from that side of the House, and we had an order of projects which we have faithfully stuck to and St Anne's knew that once that St Mary's First School in Town Range was finalised, once that the St Joseph's Middle School was finalised, they would follow. I am sorry, I have got the wrong order, St Anne's would follow St Mary's. The project, I believe, when I relinquished the post of Minister for Education, was on the point of coming out to

tender and therefore any delay that that project suffers will certainly make the staff and the pupils suffer alike. Not only that but that project also included a full-size gymnasium which was earmarked for community use and as the Hon Minister for Sport has said earlier, we badly need the facilities.

Mr Speaker, I turn now to the point of scholarships. We firmly believe that the system that the GSLP Government are implementing is going to cost a bomb at the end of the day, we sincerely believe that. However, we must allow the new system time to take its effect and therefore I will not criticise it at this stage and we shall simply monitor the situation to see how it develops. I will, however, certainly point out to Members opposite that I have visions of one hundred graduates in three years' time, one hundred graduates returning to Gibraltar where are we going to put them all? This is going to be an annual event, one hundred returning every year. I don't know who is going to do the plumbing and who is going to look after our electricity for us but certainly we are going to find ourselves with so many graduates that we shall not know what to do with them. That is the danger that we see. I also have to wait, of course, for the legislation to come. There are several advantages that the old system used to have which I hope will be reflected in the new one. One is flexibility. We need a certain amount of flexibility here in Gibraltar. We must remember that our youngsters when they leave the cocoon of Gibraltar, when they go out to the big wide world out there, some of them find it very, very difficult to adjust and you need to be flexible with those people, it is a small percentage but it exists and I sincerely hope that the legislation will reflect something in that respect. The other point which we are concerned with and that is those unscrupulous youngsters who finding an easier system in order to get a scholarship will be making themselves perpetual holidaymakers in the United Kingdom at the expense of the taxpayer. That is a danger, it exists. We have students who wish to remain eternal students, who do not wish to face the realities of life when they finish university or college, that is another danger, we need safeguards. Mr Speaker, in that respect I look forward very much to when the legislation is brought to the House of Assembly in order to have a closer look at it. Thank you, Mr Speaker.

HON R MOR:

Mr Speaker, you may recall that during Question Time I was asked some details as regards insured persons. The Hon Dr Valarino asked me if I could break up the number of insured persons into male and female and I am prepared to give him that information now. Mr Speaker, in answer to Question No.9, I gave a policy statement and what I would propose to do in my contribution is to expand on the reply that I gave and this will therefore enable the House to obtain a clearer

picture of our intentions. As you will recall, I expressed concern at the fact that at present we have over 300 Gibraltarians unemployed. It is interesting to note that on the 31st December, 1986, the figure of employed persons according to the return of Insurance Cards, was 13,308. At the end of 1987 this figure stood at 14,018 which means that the insured population rose by 710 which, in other words, means that 710 new jobs were created in 1987. The number of registered unemployed Gibraltarians at the end of 1986 was 277 out of a total of 470 unemployed and this represents nearly 59% of the unemployed total. At the end of 1987 we had 300 Gibraltarians registered as unemployed out of a total of 485 which represents nearly 62% of the unemployed total. Mr Speaker, we find a situation in Gibraltar where despite the fact that 710 new jobs were created during 1987, the number of unemployed Gibraltarians in proportion to the unemployment figure is increasing rather than decreasing. This is why, Mr Speaker, it is our intention that through our investment programme we are expecting to generate sufficient demand for labour to ensure a situation of full employment for the people of Gibraltar in the near future. As regards the longer term, we have already repeated on many occasions that it is our aim to ensure that every school leaver is either engaged in higher education, employment or training. As regards those youngsters who leave school without proper career prospects because they lack the skills to undertake immediate employment, it is our intention to provide them with the necessary training. The nature of this training and the numbers in each sector will be kept under review as the needs of the economy change. This means that Gibraltar will gain maximum benefits by making sure that planned growth of the economy provides jobs for our people and is not entirely dependent on importing more and more labour whilst the number of our youngsters out of work remains static. As I said during Question Time, Mr Speaker, the Government will soon be legislating to set up a statutory board to be known as the Gibraltar Training and Employment Board. It will be up to this Board, Mr Speaker, to monitor and coordinate the supply and demand on the labour market and ensure that training facilities are provided. The training will, of course, not be limited to strictly industrial training but will also cover all other areas such as jobs required by the Finance Centre, the Banks and any other area identified by the Board. It is important to stress, Mr Speaker, that this training will be provided free and the trainees will, in fact, be receiving payment during their period of training and this, we feel, will be sufficient to make the scheme attractive. Mr Speaker, the Government of Gibraltar took over the Apprentices Training Centre at GSL and this is, of course, reflected in the Estimates for this year. This means that we now find ourselves with two training centres. As I said during Question Time, it is our intention to amalgamate both centres within the dockyard complex. Both these centres, Mr Speaker, are presently under-utilised and have been so in the past. In the Construction Training Centre I am informed that in the past there was

a particular situation where we had an instructor with not one single apprentice for three years. At the present time we have an instructor with one single apprentice. Mr Speaker, as can be seen, by the introduction of the Gibraltar Training and Employment Board, these training centres will be put to much better use and we will be doing away with the waste of public money which existed in the past because of the under-utilisation of these training centres. The added attraction of amalgamating both Training Centres within the Dockyard is, of course, that the site at Landport Ditch would be released for future development. Mr Speaker, there can be no doubt that one of the best sites for development could be that at Casemates. We do not believe that that is the best possible site to have a Government hostel which is at present accommodating some 800 Moroccan workers. It is therefore our intention to resite this hostel as well as the one at Devil's Tower so that these sites are available for development in the future. Mr Speaker, I do not think there is much more that can be said as regards our scheme to introduce a social wage before the current pensionable age of 65. As you will recall, this was raised during Question Time and there is nothing further which I can add at present. There are certain senior citizens who for many years made representations to the AACR Government because they were excluded from ever joining the pension scheme because of the manner in which amendments to the scheme were introduced. It is our commitment, Mr Speaker, to review the income of these senior citizens and produce a formula which will improve their present situation. The question of the handicapped and disabled is a matter of great concern to us and at present we are reviewing ways and means by which we can greatly improve their situation. We have already identified cases where it is possible to provide sheltered employment for some of the handicapped. But, of course, there will always be others who, unfortunately, cannot do anything without special care and assistance. It is therefore our intention to study ways in which we can provide for them and several options are presently under consideration. Mr Speaker, I have a statement to make as regards giving credits for social insurance contributions to those unemployed persons over 60. This means, in fact, that anyone who was a voluntary contributor on the 31st December, 1987, will now be informed by the Department that they will not be required to make any further contributions from now on. Thank you, Mr Speaker.

HON DR R G VALARINO:

Mr Speaker, let me dwell first on the Government's position on the lowering of pensionable age to 60. Now the Government is talking about introducing a new scheme - a social wage to replace what they promised to the electorate and what presumably they got elected on. They are now also placing a caveat on this due to a commitment on Spanish pensions. How on earth can they place a caveat when all along they have said they will not pay Spanish pensions? Is the Government now changing its mind about paying Spanish pensions? Is pressure being made to hear on the Hon the Chief



Minister by the Spanish authorities or by the Canary Islands? On unemployment, they are now showing great concern about the figure of 300. This figure is about the lowest ever and has run for a number of years at this level. These are largely unemployables, despite what the Hon Mr Moss may say. I hope that they will reduce this figure but I have grave doubts that they will do so. In fact, I forecast that in the next four years of Government - if they last that long - the figure will increase. It is bound to increase because there are more school leavers coming out so I am sure that this figure will increase because it is a combination of the number of unemployables and the number of school leavers coming out. This thing about removing the pointage system, by Mr Moss, is simply a red herring because it merely adds two or three extra people to the number of people going to UK. I would have expected the Government to have expressed some of the views that we put forward during election time and let me mention some of these. Relief so that retired pensioners, at present over 55 and women over 60, do not have to contribute quarterly to the Group Practice Medical Scheme. The removal of Prescription Charges for those pensioners and others on Supplementary Benefits. Help with dental treatment so that pensioners are able to obtain this treatment at a much reduced cost. A Family Allowance paid for the first child as in the UK. The widening of the Supplementary Benefits Scheme especially to the handicapped and to single parents and most important a system of home help in order to aid the taking care and looking after of disabled and handicapped persons at home and to encourage single parents to take up employment. But no, Mr Speaker, no such luck for the pensioners. The Department of Labour and Social Security is grossly undermanned in both the Labour and the Social Security Sections, yet the Staff Inspection has been frozen. I wonder how the Minister is going to run his Department. In fact we will wait and see the chaos that will occur. Let me advise the Minister to visit the relevant parts of his department during the busy hours of the week and not on the Thursday before the Bank Holiday as he did last time when there were few people. There is no doubt in my mind that the theme of this Government is: (1) we are reviewing the situation and (2) blame everything on the previous administration. To me this just shows the limit of their ignorance. I am afraid that instead of positive contributions today we have had read to us the most negative speeches that I have ever heard in this House. I hope that there are better ones to come. Why ask for more when you can get less? Thank you, Sir.

HON M A FEETHAM:

Mr Speaker, the Hon Dr Valarino has just made a political broadcast, the only thing is that what he hasn't realised yet is that he lost the election and the manifesto which he has read out was rejected by the electorate in favour of the one put to the people of Gibraltar by the G.S.P. Mr Speaker, there are one or two other points that I wish to

raise before I make my contribution. The Hon Mr Featherstone once again raised the red herring which I thought had been discarded during the election campaign on the question of the Socialist Republic of Russia. One of the things that the other side do not seem to understand and has been the failure of the AACR over the years is that they have not planned the economy, they have not been politically honest to put to the people of Gibraltar 'these are our targets for the next four years', so that the people of Gibraltar and Oppositions in Gibraltar would be able to judge them on their performance. Never has the AACR done that and here we are, in our first meeting of the House with my colleague, the Hon the Chief Minister, precisely doing something that if he had wanted to be as dishonest as other people have been in the past and put politics before policies, would have had no need to do that and he has already stated the targets of our Government for the next four years so that will give Hon Members opposite a greater opportunity and participation in the success and failure of the G.S.P. Government. The question of planned economy is nothing new, the question of setting targets is nothing new, Socialist countries, Conservative countries make it known so that they can be judged on performance. Having discarded that, Mr Speaker, let me just raise one other point made by the Hon and Shadow Spokesman on Education. He has described some youngsters as unscrupulous and said that he had concern about what we are going to do with all those youngsters that pass their exams in the UK when they get back to Gibraltar. This, again, Mr Speaker, is a reflection of the approach and the attitude of the AACR over the years in approaching all problems affecting Gibraltar. There is nothing wrong, Mr Speaker, in educating our youngsters. There is nothing wrong in giving our youngsters greater opportunity. But let me assure the Member opposite that what we will not be doing is moving in a direction in the economy where we are going to have an expansion in the Finance Centre, where we are getting expatriates coming in from UK taking those jobs, living in Sotogrande, not paying taxes in Gibraltar and having our youngsters unemployed in Gibraltar. What we have to do, Mr Speaker, is in ensuring our planned economy which the Hon Member is so concerned about that the youngsters who are coming back will have jobs to go to in the expansion of the economy which we are going to plan to ensure that we protect youngsters in Gibraltar. Having discarded two or three points made by Members opposite let me now explain to you our position on development and other matters which come under my responsibility.

In keeping with our election manifesto, Mr Speaker, and our commitment to the people of Gibraltar, our primary objective in the field of development is to provide homes for our people. Our efforts, therefore, will initially be concentrated in establishing a programme of construction of residential buildings that will make a substantial in-road in resolving one of, if not the worst, of our social problems. To achieve this, however, we have to reverse the manner in which the

AACR have treated our second most important asset, after our people - our land. This is a finite resource and it has been treated carelessly. Not to mention as well, the AACR's piecemeal approach to our infrastructural requirements connected with land development. This has resulted in our having identified an overwhelming shortage of land, particularly flat developable land within easy reach of infra-structural supplies such as water, electricity, drainage, roads, etc, which is so vital, Mr Speaker, to produce low-cost housing. This land can only therefore be obtained from either by transfer from the Ministry of Defence or reclaimed from shallow areas within the harbour, or by redeveloping the industrial zone along Devil's Tower Road. The task is so urgent that it is our aim to make progress on these three alternatives to provide the land that is so essential for the future economic and social development of Gibraltar. Let me add, Mr Speaker, at this juncture, that the Ministry of Defence holds approximately 50% of our total land resources of which 30% is reasonably flat land as opposed to the 24% held by us. The Government recognises the important role played by the MOD and its defence requirements in Gibraltar. Equally, I am convinced that the MOD sees and understands the enormous social requirements of this Government in the area of housing. The existing arrangement with the United Kingdom Government for the transfer of land held by the MOD provides for situations where the Ministry no longer requires land for defence needs. These facts, Mr Speaker, do not cater for the present scenario where, on the one hand, Her Majesty's Government does not see its way at present to assist Gibraltar with ODA funds for housing and UK itself is faced with its own cutback in public expenditure whilst, on the other hand, there is a growing need in Gibraltar for public land for social and economic growth. We have therefore already addressed ourselves to these realities and have taken steps to attempt to provide a more workable arrangement which will be of mutual interest to both sides. In parallel to this and to enable us to make immediate progress with our housing programme, we are already in the process of setting up a Land Reclamation Company in joint venture with the private sector to undertake the reclamation of Montagu Basin. Sufficient land will also be provided to the west of Varyl Begg Estate to provide land for further development in connection with housing, industrial, port, commercial, sporting and recreational facilities. The land reclaimed for industrial use thus provides the ideal opportunity to reprovide some of the industrial holdings along the Devil's Tower Road area to make way for further low-cost housing as envisaged in our election manifesto. We shall also continue to give plot holders in the area the opportunity to redevelop the land themselves provided the projects are primarily of a residential nature. Steps have as well already been taken to commence the feasibility study for the setting up of a Building Components Factory in Gibraltar. The results of the feasibility are expected to be available by July. Whilst our priority is housing, Government will naturally be working to a wider development plan. The Gibraltar Investment Fund

has been set up by Government as the vehicle for much of our development strategy and its purpose being to promote the economic and social development of Gibraltar by the investment of public money in such commercial or industrial undertakings as the Government considers beneficial to the promotion of such development. This is as well in keeping with our declared policy aimed at maximising Government's return on land in investment projects. The returns, for example, from joint ventures will go back into the Investment Fund where it will be used to supplement Government revenue in order to improve public sector services and the remainder being re-invested. An area where Government is looking for growth is in the Finance Centre activity and will encourage and promote private office development that will provide infrastructure necessary to cope with an increasing demand. Additionally, we ourselves are in the process of identifying suitable central location areas for the construction of office blocks in association with private developers. This process includes Government's intention to provide modern and well equipped offices and workshops for its own non-industrial and industrial employees, thus assisting Government's own machinery in meeting the demands placed on it. We have identified the location for these offices and workshops within the restructure taking place in the area of the Dockyard. The buildings and accommodation released within the City area, as these changes take place, most of which are on prime sites, will be available for development within our overall development plans. This strategy, Mr Speaker, will ensure land not just for housing as earlier explained but for schools, effective use of industrial areas, the best chance of attractive commercial and office developments. In the past the only direct monetary benefit Government has derived from the disposal of land has been payment of a premium with the AACR relying on private sector initiatives. These were obtained through tender procedures, no other direct benefit has been derived by Government. The Gibraltar Investment Fund and our joint venture schemes will therefore rectify this situation and will ensure us the participation in the profits of development and in future growth.

Having therefore outlined some aspects of our philosophy on development and how we intend to go about it, let me now make reference, before turning to other areas of my responsibilities, to the problem of the developments we have inherited from the AACR Government which have been, quite clearly, the source of hasty decisions taken by them in order to expedite progress. This Government will endeavour to speed up the Queensway development which is in a state of deadlock with the Ministry of Defence and which we hope will contribute to the tourist orientated development sector of our economy. In respect of Rosia, however, I am sorry to say that although I and other colleagues of the Government have serious reservations which we have past expressed in the House as Members of the Opposition and continues to be the case today, there is little we can do to prevent a development which

has received so much public criticism. We are tied down to a legally binding contract entered into by the previous Government and statute bound to planning consent granted by the Development and Planning Commission. Mr Speaker, those of us who were present at the meeting of the previous House in October 1987, will recall that the then AACR administration and, in particular, the Hon Leader of the Opposition, Mr Canepa, continued to attempt to make political capital to the effect that the GSLP were not committed to the development of the Finance Centre, despite our repeated statements to the contrary and despite that we viewed it in a more comprehensive manner than the hereto AACR policy. It is our declared aim to develop Gibraltar into an international financial services industry which goes beyond the image of Gibraltar as a tax haven. Let me add here, that an integral part of this being the fiscal policy of the GSLP, which will be designed to encourage investment. There will therefore not be, I repeat once more, any changes to the Tax Exempt Company system and no capital gains taxes will be introduced. During that meeting the AACR brought to the House a Bill called the Companies (Amendment) Ordinance, 1987, in order to streamline and thus improve the registration of Companies. Mr Canepa argued, at the time, that it was an important and urgent matter in tackling the problem of company registry and that it had been vetted and approved by the Finance Centre Group. You can well imagine, Mr Speaker, our surprise that shortly after taking office and some six months after that debate, the legislation, though passed in the House, has still not been put into effect. This is, of course, an extraordinary situation to have inherited from the AACR who accused us of paying lip service to the Finance Centre. The Finance Centre will, no doubt, welcome that we have taken steps to rectify this immediately and this will result in a marked improvement in the Registration of Companies.

An area in which Government wants to move quickly is in Building Societies. There is, naturally, much resentment that Building Societies should be able to come to Gibraltar and not lend to local residents. We are taking steps at the highest level to ensure that this is rectified as soon as possible. This is in keeping with our policy that in promoting the development of an International Financial Services Industry, financial institutions should grow up with us in the future economic development and well-being of Gibraltar as a whole. As I have already mentioned during Question Time, the Chief Minister during his recent meeting in the UK with the Secretary of State, raised the question of Gibraltar's position in the FEC vis-a-vis the EEC Customs Union in the light of a single European Market in 1992. The competitiveness of Gibraltar and its trading position with the EEC needs to be thoroughly examined, so that by 1992 Gibraltar's position is safeguarded and we are not caught out, like so many other times in the past, by the AACR ineptness in dealing with these matters. We have therefore asked for and Her Majesty's Government will provide professional input to examine the position thoroughly. With regards to the Port, the Government will be following a policy of regular consultation with the Port operators and employees through

the Transport and General Workers Union. The Government aims to work towards rationalisation of the Port's commercial activities. It is a fact, Mr Speaker, that with an equally general recognition of all parties concerned, the potential of the Commercial Port can be enhanced, fully maximised and placed on a more competitive and efficient footing. The Government considers that with proper representation of all parties directly interested in all aspects of Port operations, properly constituted, will provide the means for efficient Port management for the benefit of all. The development strategy for the Port will therefore be based on these principles. Having outlined to the House some aspects of Government's position on the critical issue of Gibraltar's financial and economic development, let me end my contribution by stating that these ambitious plans based, on partnership and commitment, we are convinced, is the only way forward for the benefits of the whole of our community.

HON P C MONTEGRIFFO:

Mr Speaker, addressing myself in this Budget session is a rather difficult thing to do bearing in mind the unique nature of the legislation being brought in that it is simply being tabled as a holding exercise and not as a GSLP Budget itself. Although we have had some general statements of policy, of the GSLP's view of how the economy will go in the next four years, the legislation before the House is clearly not an instrument which is being used, at this stage, to stimulate or to introduce the plans which the new Government has. I think, Mr Speaker, before referring to matters in detail, I would like to set in context the environment in which we are being asked to consider this holding Budget and also the environment in which I understand the present situation should be seen in. I want to refer here, in particular, to a number of statements made by the Government which are not just, I think, unfair but totally inaccurate and which give a distorted base from which to judge the next four years and, in fact, in which to base this debate. We have heard, Mr Speaker, for example, from the Hon Chief Minister and from a number of his colleagues of the neglect of many years. This has been a phrase repeated to a very great extent in the course of the proceedings in this session and, indeed, in the Ceremonial Opening, I believe, there was a reference to it. The point that has to be made, Sir, is that I am certainly not so young, it is not that I have been in nappies so recently as the Hon Chief Minister might want to put it, to forget the very real strides and progress that Gibraltar has made economically, socially and politically over the course of the last ten or fifteen years which is the span that I can relate to more easily. I think it is, as I say, not just unfair and inaccurate but totally inappropriate and almost, I would say, politically dishonest, Sir, to pretend that Gibraltar is now taking off from a base of neglect of years to now a marvellous plan and opportunity. I don't, Mr Speaker, believe in dampening enthusiasm and I hope that my contributions

in this House will show that I am constructive but I think that point has to be made, Sir, that this is not a question of a complete disaster, neglect of years. Gibraltar has achieved a level of wellbeing and a level of services which for a community of our size, with the limitations we have and the external pressures we have been under, have been remarkable. In not acknowledging that fact and to pretend to see the present debate against the background of total neglect, I think, is quite absurd. Secondly, Sir, there is the question which I believe most strongly about which the Hon Chief Minister raised, in fact, in the Ceremonial Opening, that he feels that this is a time in our history where the Gibraltarians have to restore their dignity and self respect. The impression I get is that the GSLP line generally in a political, social and economic sense has to be seen, according to the Government, within that framework of restoring that self dignity and self respect. Sir, again, I take a particular exception to that type of analysis. I think the Gibraltarians have always stood very high and there is no need to restore any self dignity or self respect. Not only have we, as a people, stood up many, many years, for example, to the pressures of the Franco regime but as individuals and as a community I think the fight for survival which we have been involved in for years just does not bear the analysis of saying 'we now have to restore our dignity and self respect'. This is not simple semantics, Sir. This is important because I think it is wrong to give the people an impression of a community that was going nowhere, a community that had no direction, of people who didn't know what they wanted and that is a complete nonsense because the people of Gibraltar have been the most vigilant in comparison to other communities in defending what they want, in fighting for their identity, in holding their heads high when the world didn't want to know through the 1960's, the 1970's and early 1980's and I think that point has to be made, Sir. I think there is a danger in saying 'years of neglect', 'losing our self respect and dignity', a danger of gross over-simplification if nothing else and, in my view, total inaccuracy and I think not fair. I would simply say that, it does no credit or fairness to people who have dedicated time and energy, the community as a whole, to talk in those terms. Therefore, Sir, I see the Government's plans, the plans for the expansion and the plans for a new era in Gibraltar's development as a community which is, I think, the way the Government is tabling its proposals, against the background as I have described it. A background of a sophisticated, mature, self respecting and dignified community and what successes are made - and I wish for all the successes in the world for the good of Gibraltar - will be against that background, against the background of people who are dynamic not against the people who have lost direction and needed a leader of new vision to redirect them completely. I think that analysis is, frankly, flawed and, as I have said, fails to take account of what Gibraltar really has been for years. The same type of over-simplified statement has also been made generally, in the context of the economy and the administration, and probably the catchphrase here

or the word that has been used more than anything else, is that everything is in a state of utter 'chaos' or 'chaotic'. I do not want to go into the analysis or into too much detail because I think this debate runs into the problem of becoming a post mortem of the last four years rather than a preview of the next four years which is what the people of Gibraltar are interested. However, let us talk about the economy in general terms and I would like to highlight a few things which I hope would be a common ground and against which the present proposals of the Government, as far as they are revealed, should be judged. Firstly there is no doubt in my mind that the general indications are that the economy has been growing, I think, at a steady pace throughout the last two or three years. There is some disagreement between ourselves and the GSLP as to how that growth has come about, whether it has been as a result of Government incentives or whether the credit goes to the then Government, the AACR administration and also the extent to which the man in the street may have benefitted. The fact remains that the economy has seen growth and this is reflected in employment and is reflected in the fact that Government has been getting increased revenues, etc. I think it is important, however, to make clear that the growth which the Government now wants to sieze is against that background of an economy which is growing. We have had a GSLP economic policy talked about for many years but it is not just fortuitous but good for Gibraltar in general that those plans fall now to be implemented in the context of an open frontier situation because I have no doubt myself, Sir, that if the GSLP had won the 1984 election, for example, or the earlier elections, there would have not been quite the same room for expansion within the Government's own present plans as now exists. I think it is important for you to understand that, that this economic plan which has been elaborated is greatly aided by the present buoyancy and opportunities which Gibraltar's open frontier situation provides. There is also another point on the economy which I would like to make and which is very important, Sir, and that is that it seems to be clear that the economy is slowing down at least as regards the details we have on the first quarter of 1988. We had the Chamber of Commerce President talking about the slowing down of the economy, these words have been echoed, I think, on the Government benches and the point I would like to make is that in looking at that slowing down against the background of two or three years of growth, one must ask for the reason for that slowing down and I think the reason is very simple. I think the reason is that we have had a general election, there has been to some extent a crisis of confidence not in the Government but in the fact that there was going to be a general election. There has been as well, Sir, I think an element of crisis of confidence inasmuch as we have had a man, namely, Sir Joshua Hassan, who led Gibraltar uninterruptedly for a number of years and for outsiders looking at a small territory that provides a sense of stability. The change to a new Government, to some extent, with some radical policies, I think has caused that the loss

in confidence which we are all interested in redressing and putting right. I mention the point because if there is one factor which I would urge the Government to consider as a top priority and I am sure it is in the Government's mind also, it is that there is a terrible need to restore confidence in Gibraltar's ability to run its affairs properly and I say this in an international context. Mr Speaker, it may not be generally known but, for example, the number of banking applications that are pending, as far as I understand, are very low. In fact, I am not aware that there is a single bank now wishing to establish itself in Gibraltar. If that is the case, that is in total contrast to the position of, say, two or three years ago where traditionally we have had literally tens of banks wanting to set up and we have been setting up about five or six banks annually since the frontier opened. True, one might argue that there was an initial flood, Sir, and that flood has now been catered for. But I think the problem goes deeper, Sir, and I made the point that there is a general need to restore confidence so that we get fresh banking applications, so that we get renewed interest in investment, the impression I very much have is that there is a wait and see approach by investors and until Government plans are revealed and made known with a little more detail, then I think we suffer the risk - I may be wrong in which I would be delighted - but we suffer the risk of not remedying that crisis of confidence which I think now besets us.

Sir, having mentioned those items by way of background, I would now like to turn to some aspects of the debate itself and the holding Budget which one can describe this as. Firstly, Sir, my understanding of the situation and I think it has been reflected in the contributions from the Government benches, is that what has been intended in this Appropriation Bill is simply the voting of Treasury allocations plus inflation. So the intention is very much to keep pace or simply to hold what was the position last year, hold it over to this year with the provision of supplementaries as and when they come. The only point I would make here is that if that is the Government's philosophy then I think it is fair also to point out to people that because of inflation and, in fact, there have been increases in Treasury spending because of that, I would have liked to have seen, Sir, increases in personal allowances in the Income Tax structure to take account of inflation. It is a well known mechanism in the United Kingdom which I think still exists, certainly it has existed for a number of years, that there is an automatic readjustment of personal allowances in tax rates generally to take account of inflation and unless the Chancellor overrides such an automatic readjustment, that takes place, as I say, as a matter of course. That has not been the experience in Gibraltar, even under the former administration, but I think if we are going to have a truly holding exercise this year in anticipation of a proper GSLP Budget in 1989, we should have had increases in personal allowances to keep tab with inflation. As I say, it is standard procedure in the UK and I feel that that would have

been the way with which to deal with the matter in Gibraltar. In fact, Sir, what will happen now is that certain people will, in fact, be worse off this year because as a result of what I am sure my colleagues will recognise as fiscal drag, as a result of the moving into higher brackets of tax by people who earn more as a result simply of inflation increases, you will in fact get some people being worse off. It is difficult to know just how many people will be, because one doesn't know in what tax bracket everybody would fall but, undoubtedly, there will be people who will be worse off this year. As I say, I would like to have seen an adjustment of that position to have a truly holding situation this year.

The second point I would like to make, Sir, is that in respect of targets. We have had details of certain financial targets which the Hon Chief Minister has laid before this House but although these may be of some use to the House itself, Sir, I believe in talking to the people which is what we are doing in this House because otherwise we would all meet in secret and we would close the Gallery and not have this broadcast over radio. In speaking to the people I think our targets, in terms of Gibraltar's targets and the Government's targets, should be much more identifiable in terms of things that people understand and by this I mean, Sir, I would like to see the Government saying when we are going to have a second Health Centre, when we are going to have a restructuring of the tax system which has been the philosophy the GSLP has been talking about for years, when we are going to have the new hospital which isn't a specific commitment from the GSLP but what their plans are, when we are going to know how many houses will be for renting or for purchase. I would like to see specific real human targets that people relate to, not figures which may be of help to us in the Opposition in analysing matters on an on-going basis but which I don't think help people in understanding how the Government intends to be judged. I think it is easier to judge the Government, if that is what they want, by reference to specific identifiable and understandable targets. The third point I make is linked to this second one of targets and things being understandable and assessable, is the question of the Government information generally. I must say, Sir, and again I suffer from the disability which is no doubt grave of inexperience in this House but I am, frankly, disappointed at the evasiveness or at least the lack of wholeness of the various answers we have had to some of the questions relating specifically to the economy. I accept, Sir, that it is early days to expect that the whole cake should be baked and ready for serving and that we should now just be deciding how to slice the cake up. But I think the ingredients and everything that goes into making that cake, the recipe should have been quite well studied. If we are going to judge this Government, as I think politically we are entitled to do, on what they say they are going to do, they have to say things that people can relate to. They have to say, if we are going to have a Joint Venture Company, we are having it with these details,



these are the people involved, this is the area we are going to go into, this is the type of business we are going to do, etc. It is no good, Sir, in my view, simply to say 'we are going to have a bank but I am not going to tell you exactly the extent of the services it is going to offer'. 'We are going to have Joint Venture Companies but I won't tell you with whom we are going to go into business with'. All we know is that there is going to be a Land Reclamation Company but I think that in judging the Government and in setting out targets the people of Gibraltar deserve much more information. One of the reasons given for the lack of information in a question which I tabled on Friday was that the information that was being sought was of a commercial nature and therefore that no prior discussion was necessary in this House. Sir, I find that utterly astounding because it is precisely because they are of a commercial nature and precisely because Government is going into a commercial environment which is new in a Gibraltar context, that is why the matter has to be discussed in this House. It is because public monies are going to go into these ventures that we have to discuss them. What is more important to a Government led by an economist than the commercial implications of the policy. It seems nonsense to me to say 'because it is commercial we don't have to discuss it, prior to things happening, in this House'. I think precisely because it is commercial and because Gibraltar's future development depends so much on the way the economy will grow that we have to have that information here. In fact, what was the discussion about Appledore, for example, all about for the last four years? It was all about how the commercial viability was going to, in fact, be measured; what the projections were; what the figures were, etc. I remember the Hon Chief Minister on television with a blackboard actually explaining to the people the commercial analysis of certain aspects of the Appledore proposals and, in fact, specifically on the productivity targets which were being suggested and how those were, in his view, quite unworkable. I think that was fair for him to do that, Sir, but I think it is only fair for this House now to go through the same scrutiny of the setting up procedures of the commercial side as was done at the time with Appledore and with other matters like that.

I would very briefly like to deal, Sir, with some of the areas which I have direct responsibility for, basically, tourism and commerce, at this stage. Sir, the position here clearly is very much of a holding exercise and it is difficult for one to say very much until the Government reveals its cards further. I would totally support the Government in everything that has to do with preparing Gibraltar for 1992. The only thing that I would say, Sir, is that I have some very real fears that the opportunities that I think we are taking for granted, as Gibraltarians, which Gibraltar is supposed to have in an internal market will, in fact, be open to us quite so easily. I may be proved wrong but I think it will not be quite so easy in just preparing for it and waiting for 1992 to come along. I think there are considerable pitfalls and obstacles in our way and I will look with interest to see how the Government prepares for that task.

On the youth side, Sir, specifically, I would like to mention one or two aspects. Firstly, the question of the training schemes. I consider still at this stage that the answers we have had are inadequate and I don't understand their inadequacy. I don't understand why they should be inadequate because if we have had the GSLP in Opposition, as a fully fledged Opposition for four years, having unenviable links with the Trade Union Movement and with people involved in employee and worker participation, then surely, again, in youth training the recipes should be there. All they had to do was get into the kitchen and start making it but the recipes should be there and I don't see the recipes there, I see good intentions, I see a lot of promises but I don't see the recipes and I think that if I was a young person of sixteen or seventeen where time for me was very important because I would not have a year or two years, I would have liked to know in this House, at this first session that there was this plan, there was this proposal which could be explained to me straightaway. Also, Sir, on the youth generally, I want to state that it has come to our attention that the Hon Chief Minister has written to each of the Sixth Formers who will be, hopefully, going to the United Kingdom to undertake graduate studies, not just urging them to work hard which I have no difficulty with, Sir, but also guaranteeing that the Government will give them employment when they return. That, I think, Sir, is the gist of the commitment, that Government will guarantee employment to graduates when they return not necessarily in the Government sector but, certainly within Gibraltar. I think if that is the case and that is a statement of Government policy then there is an enormous discrimination which could arise with those who are not going to go to the UK to study, those who are not graduates. I have heard the Hon Mr Mor this morning talk about the fact that it is the intention that no school leaver should not have either a training place or some other job but the position generally, Sir, would be one where I would like a specific commitment, not just a training job or whatever, but a specific commitment that there will be no discrimination between one group of people or the other. It would seem very odd that you are specifically guaranteeing employment to graduates who would appear to be much better placed to fend for themselves and therefore much more able to do it alone than those 300 unemployed, for example, who clearly are the least equipped and the least able but we have no guarantee for them. I think if it is a question of guaranteed employment I prefer saying if somebody is going to the UK who is obviously able, intelligent and with ability generally, he is going to be alright. We don't have so many unemployed graduates but if we have 300 unemployed people some of which are youngsters, then I would much have preferred a letter to each and every individual youngster who is not going to University saying 'I will give you a job within six months' rather than the other way round. I would hope that that position is safeguarded, that we actually do have an equitable system throughout.

Sir, I am not going to, in this debate certainly, go into free association and everything else but simply say that I at least am standing in this House as somebody who has supported this and I will tell you frankly that I invite the Government at any stage to work towards Gibraltar becoming what it should become. At this stage, unfortunately, they are very mute on that and therefore when perhaps their plans are known we will.....

MR SPEAKER:

With respect, it is not a question of the Government being mute on free association, it is a question that the Rules do not allow them to bring up the matter of free association on a debate on the Appropriation Bill.

HON P C MONTEGRIFFO:

Sir, it was mentioned by the Hon Mr Moss, that is why I was replying to it.

MR SPEAKER:

He may have made a general comment and I don't think that one should go beyond that.

HON P C MONTEGRIFFO:

I don't intend to delve any further. Sir, in conclusion, what I have to say in this debate is that I think people are entitled to feel disappointed in a number of respects. Disappointed because if this was a holding situation I would reiterate, a holding Budget should have provided increases in personal allowances to account for inflation, that is an honest and I think undeniable step to have taken. Also I think they are entitled to be disappointed because although we accept that the Government has had five weeks, the GSLP has been expected to have had its plans rather more thought out than I get the impression they are. The impression I have is that they are half baked and still very much being thought out. If that is not the case then at least people could have expected a mini Budget in the autumn where some of the policies with the flesh on it could have actually been implemented and first steps been taken. Also, Sir, we feel disappointed and I think people have a right to be disappointed, in that even today there are still more questions outstanding than answers. There are still, I think in people's mind, if you walk down Main Street and say 'what is the Government going to do to create the wealth which is going to provide a, b, c and d?' I think people will say 'well, they haven't put it together because it has only been five weeks'. I don't think they say 'a, b, c and d' which is, I think, what people would have expected to have heard from

the Government at this stage. All in all, Sir, therefore, very much a situation where there is little merit, obviously, in what is before the House because this is a holding situation but one in which I think people expected much greater detail, much greater commitment to specifics than has been the case and I certainly look forward with interest, as we say, to the flesh being put on the very bare bones that are before us. Thank you, Sir.

MR SPEAKER:

I think that this would be an appropriate time to recess until this afternoon at 3.30.

The House recessed at 1.11 pm.

The House resumed at 3.40 pm.

MR SPEAKER:

I will remind Members that we are still on the Second Reading of the Appropriation Bill. I understand that Mr Pilcher will be the next contributor.

HON J E PILCHER:

Mr Speaker, it was my intention to start my contribution this year as, indeed, I would hope it to be my contribution in years to come, certainly many more than four, by giving a brief outline on the targets for my Ministries over the coming year. Certainly after next year it would also include a brief resume of what has been happening in my Ministries over the last year. The intention was to give a brief outline so that I could be judged and, obviously, the Government could be judged as regards our performance in these areas. However, I have sat patiently this morning through, what I have considered to be and I say so in the knowledge that I have sat on the Opposition benches over the last four years and I think if I remember correctly only once in the last four years when I stood up to congratulate, last year, I think Mr Zammit, for giving us what we thought was target growths and objectives and policy directives for his department over the next year. As far as I am concerned, we have never from the Opposition benches, known anything at all about what the Government was intending to do and I think, like the rest of Gibraltar, we had to wait every four years for their manifesto to see what had been done and what was intended to be done. However, through the four years very little of it was reflected in the Appropriation Bill by way of brief resumes or otherwise of what they intended to do over the coming months. However, I think this year from the Government side, certainly with the start of the Chief Minister's contribution we have given specific target growths and specific areas of expenditure and yet

from the Opposition benches, I was particularly flabbergasted to hear the Hon Dr Valarino say that all that he had heard were negative speeches from this side of the House. He certainly had that part of it written out in his piece of paper so perhaps he had written it even before he knew whether the speeches were going to be negative or not. The negative side, Mr Speaker, has come from that side of the House. We thought and, in fact, it was made public initially, I think in the first week after the election and certainly we were given a brief resume that the Opposition now, the Government then, were going to give the Government some time in order to get our programme on the way. It is therefore incredible to hear the Hon Mr Featherstone say that he is not happy with the way that the subvention for the Health Authority has been brought to this House. May I remind Mr Featherstone that for four years they were giving subsidies to GSL well in excess of £7m and we didn't get any explanation whatsoever on anything, not on the running of GSL or on the management of GSL. The last subsidy of £2m we couldn't even extract from the Government whether that was going to be for money spent in 1987 or for the redundancies of 1988. I think one problem that as a Government we now have is that we have found out the hard way that work attracts work. The moment we start tackling anything at all we find that behind it there is a queue of things waiting to be done which were not done and have not been done for a very, very long time by the AACR Government. To mention but one example, when we came into Government we thought that the main programme to do with Education was the Bayside School only to find that as we are trying to resolve that programme we get another ten papers on everything that is wrong with every single school in Gibraltar, crampness, too many pupils for the teacher relationship, the buildings falling to bits, extensions needed, structural problems. There is a continuous stream of problems that have been there for the past eight years, it is not that all of a sudden we have had a major increase in school children, it is that now that people and departments are seeing that certain aggressiveness and things are now being done we find that everybody is now saying 'Now is the time, now that something is being done let us bring up all our problems'. That is the main problem we are having, Mr Speaker. Again, referring to the Hon Dr Valarino, when he said that it showed the limits of our ignorance. There is no shame in admitting that we are ignorant of certain things because we have just come into Government and obviously within the next couple of months the ignorance will fade into knowledge. What is shameful is that for sixteen years the AACR Government was still ignorant of everything that was happening in Gibraltar. I think there is a need, Mr Speaker, as the Hon the Chief Minister said himself, for a period of time in order to set our priorities and no matter how hard the Opposition, at this stage, and it is not a question of continuing to say we have only had five weeks in office, that is the reality, we have only spent five weeks in office and the past five weeks we have spent finding out every single problem that there is related to the inefficiency, mismanagement and, if I may say, lack of

interest shown in certain areas of the previous administration. I am not going to say all the departments but, certainly, a great number of those. It is not a question and I refer to the comment made by the Hon the Leader of the Opposition, it is not a question of being either magnificent or less than magnificent, what we intend to do over the next four years is produce the goods. Whether we are magnificent or not we will not be judged by the Hon the Leader of the Opposition but by the people of Gibraltar. Turning now to certain comments made by the Hon Mr Montegriffo and I think it was a good time to recess, Mr Speaker, although I thought at that stage you were going to send the jury out for deliberation because that is what it appeared from this side of the House. I think the Hon Mr Montegriffo must understand that when he is at a Court of Law he has to act as if he were in a Court of Law and when he is in the House of Assembly he should act accordingly. One thing that I will tell Mr Montegriffo is that if we had been elected in 1984 Gibraltar would now have £32m more than we have at the moment, that I can tell him for free. The instrument to stimulate plans, as the Hon Mr Montegriffo again playing with words had to say. He talked about the environment. We were very correct with the words we used. We have come to a situation where there is absolute neglect in all or most of Government departments. It is a complete disaster, as far as we are concerned. We thought from the Opposition benches that this was the case but we can confirm from the Government benches that it is a total disaster in many areas. I accept that there are situations where for a small community like the one we have it is even plausible to have some of the systems that we have. But to sit back and say just because we are a small community and we have got a Health Authority, that should be enough, is certainly as far as I am concerned, not the way to run a Government. This is what it appeared to be from the Opposition benches and I dare say that the Hon Mr Montegriffo who is new in the House but certainly he has been in the Executive Committee of the AACR for quite a long time now. Restoring self dignity, he again went on to say that we were painting a very bad picture, that not everything was as bad as we painted it. If by saying, of course, that if everything was as bad and we did something then that would be to our advantage. What he was saying was if things are not so bad really all it needs is basically the same message as during the elections, fine tuning. The fine tuning will not work and slowly over the next year, as we set our priorities, we will slowly tell the people of Gibraltar every single thing that we find out that is wrong and tell the people of Gibraltar how it was managed before and what we are doing now. I can tell the Hon Mr Montegriffo that he, from that side of the House, is going to be flabbergasted at the things we are now discovering. The community does not know where they were going, yes, Mr Montegriffo, you were right. That is what we said and that is what we maintain. The Civil Service had stagnated, people did not know where they were going or why they were going there and that is the motivation that I think the people

of Gibraltar wanted and that is the motivation that the GSLP Government has given them. That is the dynamism and that is backed by 8,000 votes. Fighting for their identity, yes, the people of Gibraltar did and continue to fight for their identity but let us not forget that whilst they were fighting for their identity in the streets of Gibraltar the Gibraltarians were confused about knowing whether Sir Joshua Hassan was in fact saying 'yes' or 'no' to the Anglo/Spanish Agreement. So yes, again, they were fighting for their identity but they were not sure where the leadership produced by the AACR Government was taking them. I think losing their self respect, I think we haven't gone as far as saying that the people of Gibraltar have lost their self respect but certainly one way of losing their self respect and we have said that in that context, is that we had to find out things from the Spanish press because the Government of Gibraltar were not informing the people of Gibraltar of what was happening and that is per se a loss of self respect. I think the Hon Mr Montegriffo said about the slowing down of the economy of Gibraltar. One thing that we have already said prior to the elections from this side of the House. But then he went on to say that one of the problems, of course, was the General Election, the crisis in confidence and the fact that we needed to restore confidence. I think the Hon Mr Montegriffo should accept that one of the reasons why there is a slight Gibraltar crisis or a crisis of confidence, is the fact that for two months during the election campaign the AACR spent time after time, hour after hour, frightening everybody, from the Gibraltarian right up to the developer in Gibraltar and saying how the communists were going to destroy everything. That is why there is a crisis in confidence. But I can tell the Hon Mr Montegriffo so that he can sleep in peace at night, that that confidence has been restored and that interest across the board is growing on a day-to-day basis. So he should not worry about confidence in the Gibraltar Government. There is a restoration of confidence in Gibraltar as a whole, not only in the Finance Centre but in, for example, Gibrepair and many other areas. Again, he played to the Gallery when he said that one of the things that the Government should do is obviously keep in this holding Budget personal allowances in tune with inflation. Of course, everybody outside, I am sure, in the Gallery here and outside would have said 'that is a marvellous idea'. But, of course, one thing that has to be borne in mind is that the GSLP Government has said that it won't consider any decreases in taxes, at this stage, because there are many other priorities. We have to find money for housing, money for offices, money for a new Air Terminal. It is therefore a question that whatever increase there was in personal allowances would obviously mean a decrease in the money available for the Government to tackle these priority areas. I think the message was made clear during the elections and it has been made clear in this House of Assembly, until we sort out all our priority areas we will not be in a position to start giving money back like the list that the Hon Dr

Valarino read from the AACR manifesto on family allowances, etc. The difference in all these things is that all these things will materialise.....

HON P C MONTEGRIFFO:

If the Hon Member will give way. Mr Speaker, I do not want to interrupt unnecessarily but I think the Hon Member has missed the point. By increasing the personal allowances in rate with inflation this does not decrease the amount which the Government collects in revenue. What it does it simply adjusts the position to the same position it would be this year, in other words, it simply corrects an imbalance which otherwise arises. That is the point I am making. I am not suggesting there should be tax cuts but these are not tax cuts, these are simply adjustments to make sure that they are not tax increases effectively.

HON J E PILCHER:

I know exactly the point that the Hon Member is making and, of course, it is a point of semantics because although there is an adjustment at the end of the day the Government have less money with which to operate to fund their other priorities. The specific real human targets, this is another of the catch phrases used by the Hon Mr Montegriffo. He is saying that people in Gibraltar fail to understand all these financial areas that the Hon the Chief Minister tackles. It is not a question of the people of Gibraltar not understanding, the people of Gibraltar do understand what we want to do and it is not a lack of wholeness of answers. I think I will use the same analogy that he used because he mentioned on two occasions that we knew - I forget his exact words but they were something like even though the cake is not ready certainly the recipe should be there and the ingredients should be there. To coin a phrase 'no good cook gives out either the recipe or the ingredients', you have got to wait until you eat the cake before you know whether it is good or not. I think that is the point, Mr Speaker, we will be a Government which gives out as much information as necessary. We will be a Government that is giving targets of growth in housing and in many other areas, but what we won't do is come to the House and discuss every detail of every commercial enterprise, who are the partners we are going to enter into contracts with. It got to a stage where last week the Hon Mr Montegriffo wanted me to publish the commercial contract between Scamp Ltd and GSL. That kind of detail I think is only necessary for the Opposition to pick and choose and criticise details, the people of Gibraltar are only interested at the end of the day where the money is coming from and whether at the end of the day, we produce what we said we are going to produce. If we can produce the 500 houses that we have promised, if we can produce a break even Gibrepair, if we can produce all the things that we

said we are going to produce, the people of Gibraltar are not interested in the technicalities, they are interested in the goods at the end of the day. I think, Mr Speaker, I have digressed from my initial speech but I thought honestly that I had to make certain comments, particularly on the speech of the Hon Mr Montegriffo because, again, it seemed to be very negative, positive on the side that he kept on saying how he would back the Government in what we wanted to be doing but every time he said that the next ten minutes were of a negative approach of all the things we hadn't done and I think we had to put that in perspective.

I will now turn to the Ministries which are under my jurisdiction. As regards GSL, during Question Time and due to very extensive questioning, I gave very clearcut explanations of what I had already done in GSL and what the programme is for the coming year. I mentioned how the Company is going to be restructured, what our intentions are as regards marketing, I advised the House on the manpower restructuring and many other factors. The bottom line for GSL is that it has one year to become economically viable and therefore a very demanding programme has been set to cut back in one year losses ranging from between £2m to £4m over the last years. The Government has set aside £3m this year in order to restructure GSL in a way which we are confident will get the company moving towards break-even. Since after the 31st December last year and because of the EEC, no direct subsidies are possible, the Government have therefore decided to diversify GSL so that the shiprepair facility will form a small nucleus of the existing workforce with various joint venture companies servicing GSL and, indeed, other areas in both public and private sectors. One example of this is the Gun Wharf, a new company known as the Gibraltar Gun Wharf Yacht Yard Limited will shortly be formed which will take over Gun Wharf. Part of the £3m will be used by Gun Wharf Ltd to achieve viability. This is an example of the way that the £3m will be used and, as I said during Question Time, it is the Government's intention not to use any further money after the £3m. It is up to the Company to cover any losses this year and any physical restructuring necessary in order to release the land required for the Government owned diversification programme in relation to its own development programme. The £3m which the Government has earmarked this year is in marked contrast to the £10m being looked at by the AACR Government as the amount of money required for both covering the losses of 1988 and for the restructuring of the yard.

I would like to say, Mr Speaker, that GSL has taken up a considerable part of the initial weeks. Nevertheless, I have dedicated a substantial part of my time to Tourism as well and as we said in our manifesto which we are now in a position to confirm, it is difficult to assess the true picture of tourism activity since there are no reliable statistics produced particularly in the area of tourist expenditure.

The plan produced under the AACR under the guise of the Pitaluga Report was done under the assumption of a closed frontier and, in fact, it is only the opening of the frontier that has disguised what would have been a total failure. One major Tour Operator pulled out of the Gibraltar market in 1987 and another cut back its services in the summer of 1987. I am not informed that Thomsons, the operator that cut back its services last summer, has already decided to remove Gibraltar from its Summer 1989 Brochure. I am at this point in consultation with Thomsons to see whether a reversal, given a new Government, can be negotiated. As far as we are concerned, tourism is divided into two tiers. The first tier, is the Day Excursionist, is a very important factor, but one which is concerned with those visitors who come to Gibraltar for sightseeing and shopping. In order to continue to attract that visitor, Gibraltar must remain competitive as a shopping centre but Government must also maximise the benefit it accrues in this area. To this end the Government is already looking at the different types of Day Excursionists, the different times they visit Gibraltar and the different means of transport used, in order to try and better use their visit so as to create benefits for all those concerned including, of course, the Government. We must first improve our state of appearance and cleanliness and in consultation with the Minister for Government Services, various areas are being looked at as a matter of urgency. The second tier, is the visitor who comes either on holiday or on business and spends more time in Gibraltar. Before the Government embarks on any programme in this sector, it must be on a realistic basis, that it does a proper market research of the industry. We have no doubt that tourism is a viable proposition for Gibraltar and that a reasonable level of profits can be achieved for all concerned, the Gibraltar Government being one of those parties. It is no good committing Gibraltar to building more hotels unless it is clear that we have got the traffic to support them. Nor does it make sense to embark, as a Government, on tourist promotions unless we have the hotels. The essential element which is missing is the coordination of policies in this area. We are committed to having a sector that is compact and successful. It is with the help of the professionals in the trade that Gibraltar will have a place in the market. To this end, the strategy which we will put into effect is to analyse what part tourism has to play in the Gibraltar economic plan so that the Government can coordinate its own policies with those of the private sector in order to achieve maximum results for touristic growth. Although the Chief Minister in his speech on the Appropriation Bill mentioned the fact that the Gibraltar Economic Development Council will not be put into effect this year because of the lack of adequate statistics, it is nevertheless my intention to set up a Committee which will be, in fact, a satellite committee of the Gibraltar Economic Development Council to advise me on matters of tourism. This Committee will be known as the Tourism Development Council. In the short term this Committee will act in an advisory capacity to me in order that I can obtain, at first hand, different schools of thought



on the way forward for tourism. I would like to stress that this Committee will be formed by individuals who will not represent any sector within the tourist trade. There will only be one Committee since my commitment is to discuss any changes necessary directly or through my department with all those sectors affected before any changes are put into operation and to proceed only when a consensus has been obtained. In tourism, like in many other areas, the Government has done a holding exercise this year. Tourist expenditure has been curtailed to the same levels as last year and all the Special Projects have disappeared from the Improvement and Development Fund. This does in no way mean that we are not committed to Tourism but rather that we see this year as the year where the Government will formulate its own medium to long-term strategy on Tourism. In any case, as a Government, we feel it is not advisable to earmark projects in the Improvement and Development Fund with token figures when we are not ready to proceed in that year with a project. Hence, in future any project which appears will be ready for immediate implementation and not just a paper exercise to allay suspicions that nothing is being done.

There is only one area that requires further mention and that is the area of Civil Aviation. Again, during Question Time, I advised the Opposition on the policy of Government as regards the use of our Airport and I will not, at this stage, mention any matter which has reference to the Anglo-Spanish Agreement on Air Liberalisation since I intend to make the Government's policy clear during the motion being moved by the Hon the Leader of the Opposition. I will, however, say that the Government is now looking at the different possibilities for the expansion of the Air Terminal. This, like in many other areas, is being done as a matter of urgency since nothing was done by the previous Government although the difficulties at the Air Terminal have been clear for anybody to see over the last year and an airline's joint report was submitted to the previous Government some months back. The way forward on the Air Terminal expansion is being looked at in the light of the recommendations of a different traffic systems flow, better known as the Tunnel, at the Airport and the fact that the runway requires tarmac-ing which will have to take place next year. I think we are looking at Airport expansion, the new traffic system and the tarmac-ing so that if there was time we would have the three coming together so that there wouldn't be major upsets at the Airport while the tarmac-ing is taking place and then another major disruption when the Tunnel is done, if we go down that path, and another major disruption as a result of a new Air Terminal. I think we are looking at a situation where we can proceed on the three together if it is possible because the time-scale is now very limited but this is one area where the Government is trying to bring the three projects together to cause as little disruption at the Airport as possible. I felt it appropriate to mention this since I did not want the fact that we have not put any money in the Improvement and Development Fund for the new Air Terminal

to be misinterpreted. As already mentioned, if I feel and Council agrees that the expenditure is warranted this year, then the Government will come to the House to appropriate further funds for this year.

Mr Speaker, to round off I would just like to stress that the GSLP Government is committed to open Government and therefore through the year it is our intention to make public and to make statements in this House with regard to any area of the Ministries which I represent and, obviously, other Ministers will do the same, of any decision taken in their areas and these will be brought to the House, so that the Opposition and the people of Gibraltar, know exactly what we are doing and can judge us on our performance. Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, it is a tradition in most Parliaments, on the part of more senior Members of that Parliament, to congratulate those who make their maiden speeches in the course of the debate and that we have seen today on four occasions in what is not a particularly easy context in which to make a maiden speech. I think that the four new Members of the House ought to be congratulated. I think they all acquitted themselves admirably, the three on this side of the House and even the Hon Mr Moss on that side, though I do have the reservation that I did detect once or twice a certain air of arrogance, perhaps, on his part. However, I think they are all to be congratulated because very often if a choice is given to a new Member making a maiden speech they are able to choose their ground, they are able to choose when they make that intervention and that has not been possible for any of the four new Members today and I think that their interventions augur very well for the future and for the standard of debate which I think this House is going to achieve. Sir, when one stands to take part in a debate coming after six other speakers on this side of the House, the difficulty is to find some new material, not to be repetitive when you stay back to wind up in a debate invariably you find that many of the points that you have been noting during the course of the debate are very often answered by speakers on your side of the House. This is the experience over very many years and that is why I, in the past, have never been very reluctant to launch myself early on in the debate and get it over and done with while the matter was still fresh. However, this has not been possible on this occasion and I have felt that, on the whole, the agreed order of speaking that we had was a sensible one and I think it has been a very positive step for us in this House to have taken. This is the first time in sixteen years, in sixteen debates, that there has been an agreed order and the debate hasn't been in danger of collapsing. We have all been more relaxed because we all knew when we would be intervening and I think that it says something for the maturity that we have all reached that we can, at this stage, agree to that sort of procedure and it is something, I think, that also augurs well for the future.

I thought that my colleague, the Hon Peter Montegriffo, highlighted rather well this morning and summed up rather well, notwithstanding what Mr Pilcher has had to say, how the debate has been going. I do think that it has been a failure on the part of the majority of Ministers - not all - but on the part of the majority of them, to have been somewhat defensive. The tactics have been to launch an attack on us, to describe the chaotic state in which they have found the departments and the Government generally and in doing that they have failed to put any flesh on the bones of their policies. One would have thought that by now, having been four years in Opposition, so confident that they were going to win the Election and come into Government, that one would have thought that they were raring to go and that, in fact, they would have been able to put many more flesh on the bones and that they would have been able to move through the transition period between that stage where one has ideas and where ideas become proposals rather more quickly. That is what we criticise them for, for their failure to come up with proposals. The ideas they seemed to have had during the last four years, they have gone into their manifesto, they haven't been developed at all over the last five weeks and, certainly, we haven't heard a great deal on actual proposals at this meeting other than perhaps three notable exceptions. The Hon the Chief Minister himself gave a pretty positive speech setting out, in a broad brush sort of way, the targets that the Government hopes to achieve. To a lesser extent because he was being constrained by what the Hon Mr Bossano already had to say, Mr Feetham attempted to do that. And I think that Mr Pilcher has done, if not the same this afternoon he has certainly done it during the last five weeks, there is no doubt in my mind that he has been clearly telling us what the Government proposes to do with GSL. In fact, if I can fault him at all, it is in sometimes saying a bit too much and in doing that, as he has done during the last five weeks and it is already on record in Hansard, of course he has opened himself out to criticism for the future, he has really put his neck on the block in no uncertain terms and I think that that in a way is admirable in a politician. However, I must say, Mr Speaker, that I too am disappointed in this sense. In Opposition they knew everything, in Government they now seem to be studying everything. In Opposition they had the answers to all the questions, in Government it appears that many of them don't seem to be very clear in their minds as to what the questions are. This is where, I think, the performance of the Government can really be faulted in the majority of instances.

I am going to deal last of all with the intervention of the Hon the Chief Minister and at this stage I just want to deal with one point that he made or a remark, perhaps, it was rather more than a point. Where he said that the timing of the Election had been somewhat unfortunate. I hope that he will recognise that as far as I am personally concerned it could hardly have been otherwise. I took over as Chief Minister in December, there was some business to be transacted

in this House, both in December and in January, there were a number of matters that the Government still had to deal with at the Executive level and therefore I really was not in a position to call an Election any earlier. In fact, I was entitled, under the Constitution, to have called the Election even later than I did, but had I done so I think I would have been open to the charge of irresponsibility and I would not have felt happy myself if I had acted in that fashion. Therefore I had to strike a reasonable balance between trying to wind up a term of office and trying to give the incoming Government, whoever that might be, and don't forget that we hadn't seen as a whole the Draft Estimates, we hadn't done any work on the Budget, that is why I have resented, I must confess, the accusation in the manifesto that perhaps the AACR had been putting together, already had been working on a harsh Budget. I am sure that Hon Members, when they came into Government, will have found no evidence whatsoever that any such measures were being contemplated by us. So one had to strike a reasonable balance and enable the incoming Government to do what we are doing now, at least to have the Estimates of Expenditure approved as is the legal requirement in time for the new financial year.

Sir, there is one matter that I want to deal with in some detail and that is the question of scholarships. The Hon the Chief Minister in writing to young people drew their attention to the points which I had made, less as a politician than as an educationalist, as a school teacher, about my fears with the pointage having been abolished about the attitudes that could develop over a period of time, in particular, about the commitment to study of young people. Let me say that in the same way as the Hon the Chief Minister often points to himself as being professionally an economist and therefore knowing something about what he is talking about when he speaks on the economy, I consider that I am in a better position than any Hon Member opposite certainly, and in fact on this side of the House not only do we have my practical experience of ten years teaching the Sixth Form 'A' level students but we have the added advantage of my colleague, Mr Featherstone, who also taught Sixth Form students, 'A' level students Chemistry for eight or ten years as well as Mr Ken Anthony who has considerable teaching experience. I do know what I am talking about when I talk about students and their approach to the serious business of getting through examinations. What happens after the 'O' levels invariably, Mr Speaker, is that in the first of what is the two-year course, in the Sixth Form, there is a tendency to take things easy. Students feel that they have put a lot of effort and hard work into obtaining their 'O' levels and they can then rest on their laurels for a while. They soon realise, perhaps, midway through the first year, that 'A' level work is a different kettle of fish altogether to 'O' level work and they then begin to get down to the more serious business. In fact, if a good groundwork is not laid down during the first year then many students find that during

most of the second year they are struggling in order to keep up with the demands of 'A' level work since there is a very deep chasm between the demands of 'O' level work and 'A' level work. I think that this first year, after the abolition of the pointage system, will not necessarily give a very valid indication as to what may happen because by the time the announcement was made by the GSLP Government, most of the groundwork will have been done by the students. Therefore it is more in the future when we shall know. What I was saying as an educationalist was that there is a danger that students are going to take things a little bit easier. In fact, last Wednesday I was giving a talk to over twenty young people and there were a number of 'A' level students there and they did report that they had noted some evidence already of their colleagues tending to relax. I don't think that those that set themselves very high standards, people who want to achieve excellent grades, who are aiming at A's or B's are not likely to continue to work hard, I think they will. The problem is that those who might in the past have aimed to get three C's, let us say, in order to ensure that they can get a place at University and in order to ensure that they could get a scholarship, may now be more content just to get three D's. The difficulty will then be if they do nevertheless get a place at an Institution of Higher Studies in the United Kingdom, the difficulty is going to be to adjust to the demands that are made immediately at a place of higher education in the United Kingdom. This is the point of view that I was putting across as a teacher of some experience, of this sort of students, it is a view that I know is shared by other teachers who are now currently teaching because it has been put to me and it is a view that there is some evidence of corroboration already amongst students themselves. I think that between that and actually putting the matter into a letter to each individual Sixth Form student is nothing more than an attempt, obviously, by the Chief Minister to discredit me personally. I was disappointed with the attitude of the Hon Mr Joe Moss on the question of the scholarships system. When we came into Government in 1972 only a handful of people could go to the United Kingdom to study. Even then studying at University was still very much the privilege of a few and it was not a widespread practice for the children of working class people, even then, to be able to aspire to a place at University and to a Scholarship. Within a period of a few years we built up the scholarship system in dramatic fashion so that a very large number of students were being sent to the United Kingdom every year and at any one time, by 1978 or 1980, there were something of the order of 150 students in the United Kingdom. We have had no credit for that whatsoever notwithstanding the fact that it was all carried out against the background of a closed frontier, where the Government had very limited financial resources indeed. The only thing is that, of course, in the same way as our efforts have been dismissed out of hand by Mr Moss, no doubt in eight or ten years time there will be some other young person in this House who will also deal with Mr Moss in the same summary fashion. His efforts will be decried, such is life, history repeats itself, his efforts will be decried in the same ready manner and in the same summary fashion as he has done here this morning.

The Hon Mr Perez said this morning that once GibTel had started its operation more international circuits would be available. That is nothing new, I hope he doesn't take the credit for that because that was a matter which was already well in hand last December and he will remember that he asked a question precisely in this House which was answered by Mr Brian Perez who explained the position. On another matter, on the question of the cleansing and the flushing of streets, it is clear what the objective is, to show how incompetent we have been. We have been unable to keep Gibraltar clean and therefore that is an area on which he is concentrating. I think it is fair to point out that we certainly had far less cooperation from many quarters, which I won't go into now, far less cooperation than what we were entitled to in order to get Gibraltar cleaned up. Let me also tell Mr Perez that early in February I called the Deputy Director of Public Works and the Establishment Officer to a meeting of Council of Ministers, precisely because of the difficulty in recruiting industrials to which he has alluded this morning and we discovered that as many as five months were being taken to employ an industrial. At the time what we were discussing and trying to get some improvement was in the road resurfacing and maintenance programme. I enjoined on them, at the beginning of February, to work out a system between Establishment and the Public Works Department that would enable industrials to be employed much more quickly and I am glad to see, from what he has said this morning, that he is going to be able to reap the benefit of what was set in motion at that meeting.

The Hon Mr Baldachino mentioned the question of certain Government properties which were out on a lease and had reverted back to Government at Danino's Ramp. I don't know to what extent he knows the full facts, but let me tell Mr Baldachino that we were advised by officials that the lessees were by the time the lease was due to revert back to Government, what one might term men of straw, they had no money with which to carry out repairs to the property and had the Government carried them out and charged them for those repairs we would not have been able to get any reimbursement because they would have been unable to pay. This was the advice that we were given and the Government very reluctantly, of course, accepted these properties back. It wasn't a decision that we were happy to take, but as it was put to us, it was quite inevitable.

I listened with great interest to the development strategy of the Hon Mr Feetham and, in particular, about the need for flat land for low cost housing. I would say that, in principle, I can support his approach of trying to get land, particularly flat land from the MOD, transferred from the MOD to the Gibraltar Government, of reclamation and, up to a point, redevelopment of the industrial zone. Although I am concerned about redevelopment proposals at the North Front area and let me say, in passing, Mr Speaker, that this area suffers from a relative low number of hours of sunshine,

it is not the most ideal place in the world in which to live. We are also concerned about the problems involved and the cost of reallocation and reprovisioning. I wonder to what extent they have looked into the possibility of instead of building the low cost housing at North Front, whether those sites on which some of the facilities are going to be relocated could instead be used for housing. This would then instead of relocating and reprovisioning, the houses could be built on these areas. I would have thought that other than the fact that it is flat, the North Front area would be one of the last areas that we would choose in Gibraltar for housing having regard to the fact that even in summer after three o'clock in the afternoon there is little, if any, sun there.

With regard to the Queensway development Mr Feetham made reference to the deadlock situation that has been reached with the MOD. I wish to inform him, Mr Speaker, that on this side we will support whatever efforts he requires to ensure that the Ministry of Defence do not shirk their responsibilities. I can tell the Hon Minister that there is no doubt in our minds, and I was present when the Dockyard Agreement was signed, there is no doubt whatsoever in my mind that the Ministry of Defence have a commitment to hand over Queensway to the Gibraltar Government with vacant possession. If this were not to be the position - and I am not saying that it is for one moment - if that were not to be the legal position, it is certainly the political commitment which the British Government cannot shirk for one moment and which Sir Geoffrey Howe himself entered into. I do not think that this matter has yet reached that political level and I would urge Hon Members opposite, particularly the Hon the Chief Minister, that if the Ministry of Defence continue to try to wriggle out of this one and expect the taxpayer to pay so that vacant possession can be given of that site to Taylor Woodrow, I would urge him to take the matter up at the political level with the Secretary of State himself. There is no doubt in my mind that if the Ministry of Defence expect the Gibraltar Government to pay they are

not honouring the obligation that they entered into back in 1983. Therefore they will have full support from this side of the House in whatever efforts they need to make in that connection. Mr Feetham made reference to the amendment to the Companies Bill which we brought to the House last October. I checked on Hansard and, if he does that, he will see that there were three decisions that we had taken at that time in October. I made reference to the fact that it was a Wednesday when we were debating the matter in the House. Had it not been for the fact that we were in the House, when normally a Council of Ministers meeting would have taken place, a paper which I had seen in draft making provision for an increase in the staff of the Registry of Companies would have been included in the Agenda. At the following meeting of Council of Ministers, proposals were approved for an increase in staff. We knew that the pertinent sections of the Ordinance could not be enacted until staff had been recruited and trained. Therefore I am not surprised if he tells me that these sections of the Ordinance are to be implemented very soon, because a number of months have gone by during which time I would have hoped that the staff had been recruited, trained and in post, in order to enable these sections of the Companies Ordinance to be implemented. That was a matter which I made reference to in my intervention in October and, as I say, if he wants to he can check the Hansard because I did so this morning.

The Hon Miss Mari Montegriffo highlighted what she considers to be the deficiencies and the neglect of all our years in office with regard to the Medical Services. She may be able to continue to do this a little while longer but in a few months time, perhaps by the time this House meets again in a full meeting, I think, having regard to so many deficiencies, (if there is so much that is wrong) she should be able to report in a few months time on progress made in rectifying what is wrong. That excuse will not wash in a few months time any longer. We do feel very strongly, Mr Speaker, that we need to have a breakdown of the £7m subvention. Perhaps not so much this year because in the Estimates, all the items under what used to be the Head of the Medical Department are still there though without any provision for 1988/89. However I do recall that the Hon Mr Featherstone, when he was Minister for Health, gave an undertaking that after the Health Authority was set up there would be a breakdown of the funds that this House would be asked to appropriate. I would like to see the Government give us some assurances in this respect in Committee to the effect that if they are not able to give us a breakdown on this occasion, it will be provided soon afterwards and that in future years that will be the practice. I do not think that there is a parallel between the Medical Services and the voting of £7m for the Health Authority and either GSL or GBC for that matter. For a simple reason, neither GSL nor GBC have ever been Government Departments. In the case of the Medical Department we have always had the Estimates broken down and itemised in detail. That is all that we are asking for, that we be given such

information as an addendum, as a supplement to the Estimates in order to assist us in taking a view, in asking questions and in determining what are the Government's policies about the manner in which this subvention is going to be spent by the Health Authority. I do not think that that is an unreasonable demand to make. If it is not provided I think we will not be able to support the voting of the necessary funds. We do note that this is an area where there has been a considerable amount frozen in departmental bids. Drugs and medicines never go up from year to year by 4% or 5%, which is Brian Traynor's Treasury allocation. They invariably go up by 15% or 20% and we have no doubt that well before the end of the financial year, the Minister will be having to come to this House seeking considerable sums of money as a supplementary for increases in the prices of drugs and medicines.

I timed Mr Pilcher's speech as lasting twenty-five minutes. He spent fifteen minutes attacking us, waylaying into us, three or four minutes on GSL and about six minutes on tourism. Let me make it clear, and having done so, Mr Speaker, I hope that I will not have to clarify this again in the future, that what we have said is that we are not going to oppose for the sake of opposing, certainly we are not going to vote at the outset against any new proposals the Government brings to this House or criticise them until we see whether they work or whether they do not. That surely cannot mean that we give up the right that we have, not to agree with everything that is said on that side. It surely cannot mean that we are not entitled to ask them about their policies and that if we do, then that we are breaking the indication that we gave that we were going to give the Government an opportunity to settle down. Of course we will give them an opportunity to settle down. They will probably find that, if we meet next month and they bring legislation to the House on matters to do with their economic policies and so on, we will probably not oppose ourselves to them. That is what we meant. It did not mean that we were going to give them a honeymoon period during which they could do whatever they wanted to and during which they could spend the major part of their speeches criticising everything that we did in all our years in Government and then leave it at that. He said that had they been elected in 1984, today Gibraltar would have £32m more. That is hardly a fair statement to make and it does not stand the test of analysis. What does he mean? Gibraltar would have £32m more-where? Saved in a bank? In the Consolidated Fund, readily available? That is not what he means. In any case what he means is that £32m would have been spent in a different sort of way and I am sure he also means that there would not have been the wastage of which Management in GSL has been accused of, the slop barge and so on and so forth. In fact, the bulk of the £32m has been spent, or certainly a lot of it has gone, on wages and salaries to the men employed in the yard. A lot of it has gone on the purchasing of new equipment or new equipment as it was in 1984, on refurbishment of workshops, No.1 Dock

- Mr Bossano does not agree with what was done but alright, it was done, it is there. A lot of the £32m went on what are assets, they are there. The value is there. To say that Gibraltar would have £32m more gives the impression that the £32m have gone down the drain and there is nothing to show for it. I think the statement was too bold. He tends to go on at some length on other occasions. On that occasion I would have welcomed if he had qualified what he was saying. When he dealt with the point about the crisis in confidence, he accused us of having described Hon Members opposite, Hon Members and others indeed, in the GSLP, of being communists. I have been a Member of this House since 1972. I would challenge anybody to find in any intervention that I have made during those sixteen years in the House, any reference from me describing Mr Joe Bossano as a Communist I have not done that. I have not referred to any Hon Member opposite or any Member of the GSLP as a Communist. I do not think that any evidence can be found, not just in Hansard but in any newspaper, in any interview, in any recording where I have used that. I would even go as far as to say that I doubt whether any Member sitting on this side of the House has ever done that. I doubt whether any Member of the Executive Committee of the AACR has ever done that. Let me make clear the view that I take of Hon Members opposite so that we may bury that canard once and for all. Let me say also that during the time that I was Chief Minister I was asked by journalists who were out for a story, particularly coming up to the election campaign, whether I considered Mr Bossano to be anti-British, I replied in the negative. I also replied in the negative when asked whether I considered him to be a communist. The view that I have taken of the Hon Mr Bossano, and it is one that I am prepared to apply to his colleagues as well, is that he has been in the mainstream of Socialism. That is the view that I have always taken and I repeat it today. I hope that if anything else happens over the next four years in this House, we do not get a repetition of that. After all, the question was put to me publicly on the eve of the General Election by one of the supporters of the Hon Member opposite and I denied having made any such reference as I deny it today. Let us bury that point once and for all and let us leave that matter aside for the next four years in this House. I think that to continue to make that accusation after an explanation has been given is just to attack for the sake of attacking, for the sake of scoring. However you are not going to score a valid point any longer in that respect.

I come now, Mr Speaker, to the intervention of the Hon Mr Bossano. Let me say that I can understand how the Hon Mr Bossano felt when he rose to address this House last Friday in what was for him a maiden Budget speech, well the nearest to a Budget speech, sitting on that side of the House. Mr Bossano has been sixteen years on this side of the House preparing, thinking and working for that moment. Therefore, we would not be human if he had not felt some quiet sense of excitement on his part, of elation and perhaps even euphoria. I can understand and I can appreciate that he might have



felt so inclined. I found his address very interesting, his ideas and the philosophy behind them seen, from his point of view, were certainly logical, having regard to what he has been previously saying in this House on numerous similar occasions over the years, at this time in our Parliamentary calendar. From our point of view, having regard to what I have said, therefore, about his speech, it makes sense and that is why we are going to adopt a wait and see attitude. If these policies work, fine, we will give them, and him in particular, due credit. If not, obviously he is going to have to take the blame and I am sure that he is not going to shirk doing so.

He described the state of the administration or organisation, as I think he called it, as chaotic. The administration, I think he said, was in a chaotic state of organisation. I think that every administration, every bureaucracy no matter how efficient it is, has a problem in keeping pace with the speed of decision making. It is much easier (and certainly this is the experience that I have, and I think Mr Featherstone will bear me out, of sixteen years in Government) for decisions to be taken, particularly to be taken in principle, than what it is for the follow-up action to take place. I have cited an example when I made reference to the Companies Bill and I think that Mr Bossano has already indicated privately that there is also the problem of legislating, of the drafting of legislation. But that is a separate problem. The Government administration does have certain difficulties in keeping pace. I found this to be particularly notable (and that is why I will be asking Mr Feetham certain questions about that later on in Committee) in the Crown Lands Department, with so much happening, not only on the Government side but also in the private sector, with a lot happening there too. They are finding it very difficult to react and to keep pace. I will be making some reference to this later on near my conclusion, when I make some reference to the restructuring ideas which the Hon Mr Bossano has.

He said that £4m was the bottom figure beyond which they would not go in respect of the reserves, I think he said: "The deficits - we have been hearing a great deal about deficits in the last five weeks or so - it is clear, even now, that recurrent revenue is in excess of recurrent departmental expenditure". There is no problem in that respect. Already recurrent revenue is in excess of that. However there is the contribution to the Funded Service of the Electricity Undertaking, a very sizeable contribution which I think is £1.9m. There is the contribution to the Housing Fund and the subvention to GSL, because of the problems of GSL, which turn the position around. As a result, the amount by which recurrent revenue exceeds recurrent expenditure is not enough at present to meet these three commitments. Let it be made abundantly clear that were it not for these three main areas there would be no operating deficit in the current year. The Government, other than in the case of GSL where they are giving them a year or so (or let us say eighteen months) in which to prove whether they can succeed, the Government has

a choice with respect to the two other main areas of Government subvention - the Electricity Undertaking and the Housing Fund. The Government can either make a contribution, as they propose to do and as we have been doing during the last four years from recurrent expenditure into the Consolidated Fund and wipe out the deficit or increase electricity charges, if they so wish, by a certain amount or increase rents. I think that if rents were to be increased by about 45%, as a paper exercise, the deficit would be wiped out. However the Government does not want to follow that particular road that is their choice, but I am just pointing out, Mr Speaker, that there are other alternatives and that the Government, unless it fits in with their overall economic policies, does not have to make the taxpayer foot the bill, for consumers of electricity or for those people that live in Government accommodation. Not everybody lives in Government accommodation. What is happening is that by having Government rents remaining frozen, other taxpayers, all collectively, are also meeting the bill for the operating deficit in the Housing Fund.

Although he would not admit it, I think that the Hon the Chief Minister, in the strategy which he explained to the House on Friday evening in broad brush terms, is being lucky in two main respects, perhaps in three. The economy has expanded, they say that there are indications of some slowing down in the first quarter of this year. One of the indicators, the level of employment, is dramatically up during the course of 1987 (700 additional jobs) and we will see when we compare the figures in the Employment Survey for April, 1988, what the true position is vis-a-vis October, 1987, and whether in fact any indications of the slowing down in the economy are shown in the level of employment for April. I do not think the April figures will be available, in the normal course of events, six months from now. I do not know whether Hon Members opposite have any plans to try and speed that up. So we will not know until then. But even if the economy has peaked at the end of 1987, it has grown considerably during the last three years. The other areas where I think they are lucky is in the fact that the Government has no pressure now for any tax cuts. Because we cut income tax by £7m over the last two years, it could be said that that has met the aspirations of people in that respect. Therefore the Government is not under pressure, certainly this year, to cut income tax. They do not have to do that and that money that would otherwise go back into the pockets of people is there available to meet some of the measures which the Government want to introduce. The other area where, in a way, they are lucky or in which they are able to take advantage of the situation is that the Dockyard operation is going to be slimmed down considerably. In fact, I noted the word that Mr Pilcher used. He went a little bit further. He spoke about a 'nucleus', I think. I have got the exact phrase that he used - 'the shiprepair facility will form only a small nucleus and the rest will be Government owned diversification companies'. A number of sites are going to become available in the Dockyard to enable

the programme of relocation, which the Chief Minister has drawn attention to, in respect of Government facilities, workshops and so on. I think that, in principle, there is logic behind that move. I am not going to say, for one moment, that we had thought of it, no, but what we were thinking of doing with the Treasury building was precisely that sort of thing. There we have very unsatisfactory Government offices at a prime site in town. We wanted to make better use of it. I think it is something that does make sense. The Government does own properties, even now, in Main Street. There is a former Government quarter just across the way there, that should be put to a better purpose than just to accommodate one or two families. I think that, again, I would not quarrel with that policy, I think that it does make a great deal of sense.

He also said that they were going to examine how taxes are collected, that the structure of tax allowances will be looked at to have a more flexible fiscal system which will respond quickly. Again, already in respect of import duties which is a major revenue producing area, there is that flexibility. It is already there and we took advantage of that in 1984 and in 1985, in lowering import duties at the time the frontier was going to open, in order to take advantage of it. We did not have to come to the House. Import duties could be lowered through Regulations. Again, the idea is there. That is the genesis of it all and one would not quarrel for one moment with that approach. So far I would not quarrel with the strategy outlined by Mr Bossano.

The targets that he has set the Government in the Improvement and Development Fund of an increase year after year up to £20m - I really only have one reservation as to whether they can be met. Mr Bossano and Mr Featherstone who were here and the others who were here will remember that back in 1981 and 1982 the Government was able to spend £10m one year and £10½m the year after under the Improvement and Development Fund. £10m and £10½m then would be today something more than that. So I think those targets are achievable particularly if you are putting money into housing because housing is capital intensive. My only reservation is that we were able to do that at a time when the private sector was depressed, there was very little development in the private sector. At the moment there is a lot of development going on in the private sector and I am concerned as to what extent this extra infusion, by the Government, will compete with the labour demands that there are already in the economy and whether there could be what the economists call overheating. That is my only reservation. Insofar as the targets that they have set for recurrent expenditure, which is a growth of just £1m year after year, my reservation is this. I think that wages and salaries already account for about £45m or so. There is a commitment to meet wage and salary increases year after year. There is a commitment to pay the nurses now a 15% increase. Well, £1m increase from year to year, at first sight, would appear to be inadequate. What are they proposing other than just that, in order to keep within the

figure? I hope it is not a case of cutbacks in employment. I hope that there is not going to be a reduction in the numbers employed by Government. Hoping that that is not the case, I therefore look forward with great interest to what it is that they have in mind.

I just want to conclude, Mr Speaker, by dealing with one other point that I made reference to earlier on, and that was the restructuring. I wish him luck in this respect, in sorting the matter out. Whatever ideas he may have on restructuring I hope they come off, I sincerely do. If these ideas do not bear fruit, if they are not successful, I think that the Government are going to find themselves being frustrated in the targets and in the objectives that they are setting themselves. If he can achieve something really positive in this vital area, it will be something worth inheriting when we are back on that side of the House long before another sixteen years have gone by.

MR SPEAKER:

In accordance with established practice and our Standing Orders, I will now call on the Hon the Chief Minister to reply. You have the first word and then the Financial and Development Secretary, if he so wishes, has the final word.

HON CHIEF MINISTER:

I wonder if it is preferable to stop at this point, Mr Speaker. I am going to be a very long time in covering the points raised by the Opposition.

MR SPEAKER:

Perhaps we should recess for tea now and we can then come back and listen attentively to what the Chief Minister has to say. So we will now have a short recess for tea.

The House recessed at 5.00 pm.

The House resumed at 5.30 pm.

MR SPEAKER:

As I said before the tea recess, I will now call on the Chief Minister to exercise his right to reply.

HON CHIEF MINISTER:

Mr Speaker, in replying to the Appropriation Bill I am going to seek to provide answers to the things raised by different Members of the Opposition which have not been covered already by other Members of the Government in their replies. I would like to answer first, I think, the Leader of the Opposition because he spoke last and I think it is the thing that is fresh in people's minds and therefore the relevance of what I am answering is going to be better appreciated in his case, perhaps than in some of the other contributions which took place earlier on. Let me just say that one particular point where there is a contrast between what he said and what another Member of the Opposition has said in relation to different aspects of the Government's policy is an indication of the kind of confusion that used to exist, as you will no doubt recall, when they were in Government when quite often different Ministers seemed to be saying different things and we find that even now that their roles have changed, they still do not seem to be able to get their act together and to coördinate what they feel is right or wrong about what the Government is doing. If I start off by illustrating this by an example between the contribution of the Hon Mr Canepa and the contribution of the Hon Mr Featherstone, in one of the few things that have been said which have got some direct bearing on the Estimates of Expenditure, it is in relation to the expenditure on the Medical Services. Mr Canepa said that he could understand the fact that there was not a breakdown provided this year and what Mr Canepa describes as something that he could understand was previously described by Mr Featherstone as brazen insolence. I do not know whether if the AACR had been re-elected, the Estimates of Expenditure would have been presented in a different way, what I can tell the Members opposite is that there was not a political decision overruling anybody. That is to say, it was not the case that the Estimates were prepared with a breakdown and that we, politically, overruled those who had prepared the Estimates and I imagine that therefore the Estimates would have been prepared in exactly the same way if Mr Featherstone had continued as Minister for Medical Services, as they have been in this instance. In practice, as the Leader of the Opposition appreciated and Mr Featherstone failed to do and the degree to which he failed to do it was such that he actually committed the Opposition to voting against the subvention because of our brazen insolence. The reality of it is that from their own statements on the subvention to the Health Authority, they know very well what the breakdown is, it is quite obvious, because they know that what we have done is, in fact, to accept, temporarily, only to approve the same amount of expenditure that they had approved in the last twelve months and distributed in the same way as far as we can tell. Although one of the reasons for having a Health Authority, precisely is that we do not, in the House now, vote individual subheads for the Medical Department which

allows more flexibility to the Health Authority to use the funds that are provided by the House in ways which may be considered to be, better in the interest of the users of the Medical Services, than if they had to come back here or if they had to go back to the Treasury. The whole argument in support of setting up an independent Health Authority and to take it out of the Civil Service would be totally negated if we then went back to having to answer questions in the House about each individual item of expenditure in the Gibraltar Health Authority which, in any case, the Government, in detail, is not responsible for approving. And when we are making the subvention as we are, if the Hon Members opposite will look at the relevant figures they will realise that the difference, in fact, is that in 1987/88, in the year that we are just finishing, we have a situation where the figure was one of the order of £8m. In the £8m of expenditure, what we have is a situation where what we have approved this year, is £7m which is very close to the revised estimate. The £7m is made up of the money that is now shown under the revenue side as going directly to the Health Authority and is explained in that way. There is, therefore, a situation where there is if one looks at page 12 on the revenue side, Members will see that under Departmental earnings for 1987/88 there is a figure of the order of £1.2m as the forecast outturn for the year just ending and what was happening was that the individual users of the Health Service, in hospital fees, in laboratory fees and through the contribution to the Group Practice Medical Scheme, pay money to the Government which counted as Government revenue and went into the Treasury and then the Treasury used that money plus an additional sum of something like £6m of taxpayer's money to meet the cost of the Medical Services. This year, as the footnote indicates, which is footnote (a), now payable to the Gibraltar Health Authority, that money is going directly to the Health Authority without being accounted as an entry and as a payment and therefore the subvention is the difference between the revised estimates of expenditure which are shown at the end of the Estimates this year, on page 88, and the £1.2m that we estimate will be the amount that is collected directly by the Health Authority. As has been mentioned both by us and by the Leader of the Opposition in the course of the Press Conference he gave shortly after the Election, there is a difference of something of the order of £1m between what the Department requested, which would have been a Departmental bid under the old system and is now a requirement for the Health Authority and what we have authorised which is a repeat of last year. There is nothing brazen, insolent or secret about what we are doing. It is quite clear in there and I would have thought that somebody that had been in office for as long as Mr Featherstone would be able to work that one out without requiring any explanation from me. However, if he still feels that he wants to vote against the subvention that is his prerogative because, as we all know and I can vouch for that from sixteen years, it does not really make any difference what people on that side do with their votes, it is what people on this side do with their votes that really matters at the end of the day. In the contribution of the Leader of the Opposition we saw, I think, a reflection of perhaps what we had anticipated was going to be the stand of

the party in Opposition from their early statements and, certainly, we were not expecting them to give up their right to ask questions or their right to disagree with us but we certainly expected that they would be doing what he has said today is, in fact, going to be their position and that is to give us an opportunity to explain where we want to go over the next four years and to judge us by the results we produce. He said that he would have expected us to be raring to go and he is right. We have been and we are and I think he recognised, himself, that it is not as he said at the beginning of his speech that we knew everything when we were in Opposition and that we are studying everything now, that is not the case. The reality of the situation in which we found ourselves was that in questioning the AACR in the last sixteen years from the other side of the House when a lot of times they used to fob me off with excuses, it is obvious to me now that it was not so much that they were withholding information from me, it is that the information that I was asking for was not there and that the information is now having to be put together for the Government for the first time. That certainly we did not expect. We did not expect to have to come in having relied, as we had previously, on published information, what we did not expect when we got in was that all that there was was the published information. There was not a greater degree of accuracy available to the previous Government than there was to the general public and a greater degree of accuracy is required to carry out the kind of programme to the time-scale that we want to carry out. So now we are finding ourselves with a situation where rather than proceed on faulty unreliable information, we are starting not from zero, as we had anticipated but from a minus position and we are having to try and get the administrative machinery working to the criteria that we are laying down politically and producing information for us at a speed which nobody has ever required them to produce before and in a way which nobody has ever required them to do before. That is, in fact, a problem. We are also finding ourselves with decisions being taken or having been taken which we consider require political approval and it is quite obvious to us that a lot of decisions were taken in the past and that those used to taking decisions over sixteen years, unless they are told not to do it will automatically continue doing it in the same way irrespective of the fact that there has been a change of Government. I suppose it is understandable, because if you have got somebody working within an institution where, notwithstanding the fact that there have been a number of elections, the same political direction gets back into power after the election then, for them the election is a minor interruption in the system and you just carry on doing things the same way. We are finding that there are decisions, for example, not just on the way we use Government property but on the reasons for renting private property and the use of private rented property. And we had a situation where only a week ago we suddenly discovered that there were already in train moves to renew certain leases for three years. If we had not almost by accident discovered it we would not have been able to stop it and then we would have had a legal responsibility for three years for paying out something for which we would then have had to come to the House and say.....

HON A J CANEPA:

If the Hon Member will give way. He may find that those renewals were going to take place following political decisions taken, perhaps, a decade ago because I remember there was a Committee to which the Hon Member belonged to, which outlined Government policy, which laid down guidelines for the renewal of leases and therefore what has happened is that in the last ten years they have been acting in accordance with the guidelines that were approved back in 1977 or 1978.

HON CHIEF MINISTER:

That may well be the case. That simply, in fact, confirms the analysis that I am making in trying to understand why the situation is, from the point of view of the Government, so chaotic because, alright, there might have been a decision taken ten years ago but we quite often find, Mr Speaker, that nobody quite knows when the decision was taken or why the decision was taken or who the decision was taken by, except that it has always been done like that as far as anybody can tell. But if you have a situation where you discover, as we did last week, that certain leases run out at the end of the month and that there were already negotiations in process to extend them for three years and that that would have happened automatically, it would then have meant that for the next three Budgets the Government would have had to come here and say: "We want so much money for Government accommodation" and the Opposition would have said to us: "Why?". And what should we say, "because there was a Committee ten years ago that decided the policy and we did not discover it in time and therefore it was done"?

HON A J CANEPA:

The Hon the Chief Minister is referring to accommodation which the Government has been renting?

HON CHIEF MINSITER:

Yes.

HON A J CANEPA:

I am sorry I did not understand.

HON CHIEF MINISTER:

I am talking where we, as a Government, are renting from private landlords and therefore since we are looking at maximising the property that we, as a Government, own and the property that we rent to others, logically we are also looking at the property that others rent to us. Now we find that there is some property that was due to expire at the end of this month, we only discovered this last week, had we not discovered it, it would have been through the machinery, operating as it does. Then having been renewed for three years we would then have had to come <sup>to</sup> this House and say: "We want to provide supplementary Appropriation for paying higher rents for the

next three years" and the Opposition, logically and correctly, in our view, would have demanded from us political responsibility for that decision. Because we accept the right of the Opposition to ask us for political responsibility, we are in fact insisting on things being cleared politically. We do not think that we can go back to our people in 1992 and say: "We have done very little over the last four years because we could not get the machinery of Government to change course. It has been moving in one direction for so long that we have been trying to apply the brakes and get it into a different lane and we have spent three years and eleven months doing that and now we are going to start on the problem of the GSLP". That, clearly, will not do. We are very conscious of the fact that it will not do, we are very conscious of the fact that it is not a sufficient excuse and therefore we are certainly devoting an enormous amount of time and energy, as a Government, to correct that situation immediately. We did not expect to have to do that but that is one of the first discoveries that we have made in being in Government. And I think a realisation, by the Leader of the Opposition of that inhibiting factor, was reflected in what he said about getting as much done as we are seeking to get done in four years and saying that he wished us the best of luck, in fact, in being successful in the targets that we have set ourselves out to do. Let me say also that when he questioned whether I was putting the blame on him for the timing of the election, I was not in fact. In my original opening speech on the Appropriation Bill I actually said, Mr Speaker: "I think it is unfortunate that the timing of the election has coincided and clearly it is something that should preferably be avoided because it puts everybody in a difficult position", and when I said everybody, I was including Members on the other side as being in that difficult position. I think independent of who won the election, it was a difficult situation to win and have to circulate the Estimates on the 14th April and have to lay it on the table of the House on the 29th April and therefore I recognise that the timing of the election was less a matter for him than perhaps for the former Leader of the AACR who had announced that there would be an Election in January, 1987, and it did not materialise in 1987. But I think it has to be recognised that it is also a factor affecting this year and we are not trying to use that as an excuse, we are trying to make clear that that explains why the Estimates, basically, contain so little that is new. We would not expect to do that in 1989. We would expect in 1989 to have an Estimates of Expenditure in front of the House which would, to a far greater degree than these ones do, demonstrate the input of the new policies and the input of a new Government. In the year that we are starting now, we have already said we anticipate that we will be coming back with a greater level of supplementary appropriation than we would consider normal in a normal Budget because there are things that we already know that we need to provide for. We certainly know that of the film that we have not approved for the Medical Services, we shall have to approve a substantial proportion but not necessarily the whole of it and since we have to take the political responsibility for how much we approve, so that we can defend that decision in this House, we are not going just to use a pin and decide what gets approved and what does not. We are going to do, as we think we ought to, a

conscientious and a thorough and an honest job of taking decisions and taking the responsibility politically for those decisions. However we will be coming back for more money for the Health Services and we will be coming back for more money for other areas which have been stopped. But it is quite obvious and I am sure the Leader of the Opposition knows better than I do that that is the case, that if you simply ask the Department that is making the bid they will all tell you that the world is going to end tomorrow unless you approve it, and we would not want the world to end so soon after getting into office. The point also made by the Leader of the Opposition on scholarships. Let me say that I do not dispute that he is professionally trained to be a teacher and professionally qualified to talk of education but I do not think it is true that when he was making the remarks that he was making he was talking more as an educationalist than as a politician because, in fact, when he quoted those remarks to which I referred in my letter to the students, he said that he had made them when he had gone to talk to the Sixth Formers and there he was talking to them as a politician and not as an educationalist. And it was as a politician that he was saying 'in our political judgement' - at least that is how I understood it - if we did not have the pointage system we would be effectively removing an incentive. The idea of whether making people strive to get past X points, as if they were running an obstacle race, is an incentive or not, I think is more of a reflection of political attitudes than of educational attitudes. Certainly I can say that the GTA have supported, throughout the time that I have been in this House, throughout the sixteen years, the removal of the pointage scheme and, certainly, let me say, that I do not know whether it is an advantage to have the Hon Mr Featherstone's six years experience of teaching because, as I think I have mentioned before on various occasions, the one person that convinced me totally of the idiocy of the pointage scheme was the Hon Mr Featherstone way back in 1972, when he rejected giving it to a very bright young man, whose father then had to work seven days a week overtime, on a building site, to pay for the child to go to University, the child did very well in the first year and that persuaded Mr Featherstone, having said the previous year that we were scraping the bottom of a barrel, to give to him the scholarship in the second year and that child is now a Professor in the University of Mexico. And that convinced me totally better than any other argument about the unwisdom of saying, at such an early age as the age of seventeen or eighteen, because on a particular day when you are doing a particular exam which is not necessarily a reflection of your ability all the year round. I think this is recognised by educationalists, that performance in one exam and gradings in one exam are only a tentative guide to what people are able to produce all the year round. I am convinced that the move that we have made has been welcomed by students, by parents and by teachers and that Gibraltar.....

HON A J CANEPA:

If the Hon Member will give way. That does not stop the Universities or the Polytechnics from, in fact, demanding certain grades, so they are not cognizant, they do not take



into account the fact that a youngster who has got a very good report from his teachers and is expected to achieve certain high grades on the basis of which they give him a conditional offer, may have had an off-day.

HON CHIEF MINISTER:

I agree entirely with that, Mr Speaker. This is why it was complete nonsense for them to argue before, that if we dropped the grades, the Universities would take anybody irrespective of how low their grades were. That was the argument they were using before. I agree entirely with what he has said. This is why it is not true and we have a situation where in this debate not only do we have the conflict that I have already pointed out and I have said that there are other conflicts, we had a situation where we had one Member of the Opposition telling us that the worry that they have is that if we open up the opportunities for more students to go, we are going to get so many qualified people we are not going to know what to do with. And we had another Member of the Opposition telling us that at most, two or three more, are going to be going every year. I really think that they need to get their act together, if they are going to expect us to take them seriously. If they are worried that we send too many then they cannot be worried that we send too little. The reality, of course, is that the students will have to meet the requirements of the educational system in UK and we do not believe that the educational system in UK are going to drop their standards in order to allow us to send more. But in any case, we attach so much importance to giving the opportunity to people, that we believe it is the right thing to do even if it means that by sending more we are, in fact, risking that there will be a higher failure rate than by sending less. We think our youngsters should have, and this is the essence of the thinking, that our youngsters should have the same chance in life born in Gibraltar as if they had been born in UK and if in UK they can get a place and they get a statutory grant from a local Education Authority, we want our young people to have that chance in life. Because at the same time we have a situation where we have an economy that is highly dependent on imported people from outside, we can afford to do what very few other Governments can afford to do and that is to say 'We want you all to come back and work in Gibraltar'. And the Government will not say to you "You have to sign an undertaking saying you have to come back but I do not accept an undertaking to find you work". Certainly it is the wish of the Government - and I am not going to put it as a clearcut commitment for this year, because I do not know how quickly we can get it going - but it is the wish of the Government to have the same system and the same thinking for everybody, independent of the level of skills that we are talking about. Whether we are talking about somebody being trained to be a lawyer, or somebody being trained to be a bank clerk or somebody being trained to be a shop assistant, the concept of the Government is that the actual training and the maintenance of the student should be a collective responsibility of the community and then the Government in its policy for matching supply and demand in the labour market, will ensure that there are the necessary job opportunities for the skills that we are

encouraging people to acquire. As my colleagues have said, it is the intention to do that through an independent board, the Gibraltar Training and Employment Board, which was included in our manifesto again because we can see that there are advantages in setting up machinery for dealing with specific and clearcut roles and letting them get on with the job. So that we give them a clear political directive. There are, undoubtedly, many public spirited people in Gibraltar willing to get involved in this kind of thing, who do not require payment and we would employ, of course, professional staff to undertake training and so forth. It is our hope to be in a position to bring legislation to introduce this during the summer so that the legislation will come to the House at the adjourned meeting when we hope it will be ready. We are not sure yet whether it requires a completely new Ordinance or whether we can graft it on to the existing Ordinance on training that there is but, fundamentally, whether we do it one way or another, what we will seek to do is to use the most efficient and quickest route to get where we want to get. So that we have in operation, as we committed ourselves during the Election campaign, the necessary machinery for offering training to all school leavers coming out of school at the end of this year, in the summer. We said during the campaign we could not guarantee that this would be the case by September because we did not know how fast we could move but that we would make it a business of the Government to ensure that it happened during the course of 1988. So we would expect that by the end of 1988, every child coming out of school, this year, will have a wage and a place in training, learning a skill if they want to take it up, it will not be compulsory but the opportunity will be there. And it will not be what we have today in the Construction Training Centre, that is going to be scrapped, we said it was going to be scrapped, the only reason why it is there is because we did not want to scrap what is there first without having something to put in its place and have nothing at all. Certainly we know from the experience of those who have been through it, that it provides very little in return for the amount of time and money that is invested in it. All that, in fact, the youngsters who have been to the Construction Training Centre have ever had out of it, has been a slight advantage in obtaining work as boy labourers in the Government and mainly because it was the union that pointed out to the Government that if they were arguing with other employers that they should be taking people who had been through the training scheme in the Construction Training Centre on the basis that that made them a better employee, then they should lead by giving example and by doing it themselves. Let me then come to the other point that Mr Canepa made, Mr Speaker, about the question of the five months delay on the implementation of the changes on company registration. Certainly, as far as we are concerned, we are not reaping the benefits of whatever changes they approved because what we have been told is that there are serious faults in the computer system, not in the manning of the place, and what we have been told is that there has been a long time demand for more space to put more files because of the level of company registration that there is. But let us demonstrate the lack of conscientious and serious analysis in



this area, as in every other area, Mr Speaker. One of the extraordinary things that we discovered about company registration having been told here by the previous Government how important this was to Gibraltar, having been told here that unless we did this all the exempt companies would go somewhere else, having been told that as an Opposition we were hostile to the exempt companies. The first thing we questioned was, if there are 20,000 companies being registered in Gibraltar - at the time the Leader of the Opposition gave me a figure of 17,000 in the House and since then the figure has been updated and it is now 20,000 - we said to ourselves 'why is it that 20,000 companies only produce £600,000 in exempt company tax when each company pays £225 and that comes to less than 3,000. Where are the other 17,000?' Well, the reality of it is that the vast majority of these companies pay no tax at all, they are not tax exempt companies at all and it seems that until we asked, nobody had realised it, because the paper that we got back in answer, was that everybody had thought that these were all exempt companies. Before we start thinking of putting more resources, one of the first questions we have to ask ourselves is: "Are we actually making something out of this?" Are we in a situation where we are registering 20,000 companies and we buy a computer, we build offices, we put files in there and at the end of the day they do not pay anything. We certainly are looking at providing the resources to give a service but we also have to say to the people who are getting the service "What you cannot do is expect me to subsidise the service that I am giving for company registration from the ordinary taxpayer and the ordinary working person paying PAYE", because that would be a nonsense, because then every extra company is a liability and we do not want more companies then if they are going to cost us money. That illustrates that it is in looking at these decisions, we have not just said to ourselves, I mean we started off by asking "what is happening here?" because we were still getting complaints from professionals in the Finance Centre about the delay. And we said "but how can there be a delay when the previous Government cured that in November?".

HON A J CANEPA:

If the Hon Member will give way. Three things we did: we brought the legislation; we approved the funds for the purchase of a computer; and we approved the extra staff. All those three things I mentioned here in this House in October.

HON CHIEF MINISTER:

Yes and the companies registration is still not functioning. So it is not that we have got a Company Registry that is now functioning and we are reaping the benefits of their decision. What we are saying is, first of all, apparently in approving money for more staff and in approving money for a computer, the previous Government never thought of asking "is it producing money?". That is something we did not inherit from them because we have only discovered that in the last few weeks and the people who have given us information apparently have only discovered it because we insisted on an explanation. But

certainly we intend to behave like that, we are very cost conscious, we have made it clear that we are very cost conscious and if we spend one penny of all our money we want to know what we are getting back for that one penny. So if we are talking about one penny when it comes to £70m clearly we take 70,000 times more care how we spend the money. But what I am saying is that the previous Government may have decided that the answer was a computer and perhaps they decided because they asked "what do we need to do?". We are not following a pattern simply of saying to somebody "what do we need to do?" and then rubber stamping it. That means that because we are more on top of the thing, we are prepared to defend the decisions, because there is a greater political input. If we buy a computer for the Registry it will not be simply because somebody has suggested a computer is needed but because we are totally convinced ourselves, having challenged that advice, that that is so and therefore if the advice is wrong we take the political responsibility and if the advice is right we take the political credit because it is the political judgement that we stand up for and we say you can count on that political judgement being the basis upon which we go back to the people in four years time and we say "all the decisions that we have taken in the last four years were decisions where there was a political input every inch of the way". We would expect that there will be a lesser need for that, with the passage of time, that is to say, we understand that the machinery of Government, having been used to working in a particular way, is now having to readjust to working in our way and that eventually, after a period of time, there won't need to be as much referral back to us for political directives as there is today because there will be clear parameters as to how we expect things to be done and how we expect the decisions to be taken. I think when that begins to happen we will be able to speed up the rate at which we translate the policy into the action, which is the point that the Leader of the Opposition was, I think, with a certain amount of sympathy for the Government, saying we might find, as they had found in the past, that it is one thing to take a political decision and another thing to see that becoming, as it were, bricks and mortar. We are told, Mr Speaker, that already we are moving at a very fast pace. We consider the pace in which we are moving to be too slow and therefore we would expect, in a year's time, to be able to come to this House with an Appropriation Bill, where already the rate at which we expect things to be happening, will have been considerably increased. That is the expectation and that is the demand that we are making on those who are employed by Government and the demand we are making on ourselves. I think Members opposite are wrong when they say, I think it was the Hon Mr Anthony, who was saying that people are only motivated by making more money and not just by altruistic commitment to the example of others. I think it is true to say that money is important but I dispute that it is only money, I do not think you can get people to work for nothing, and be on the poverty line, but I can tell the House that I work regularly every Saturday and most Sundays and I have people who come in, senior civil servants who come in and work, who are not getting paid, and whom I cannot require to come in and work. And they come in to work because they see that I am there working and

because they feel, I suppose, that since we are doing things in which we believe and we are working hard and they are caught up in this enthusiasm. I know that it will not last forever, I would not expect to be able to spend the whole four years maintaining that kind of rate, but I think at this stage we are, in fact, in a fortunate position for Gibraltar that the Government has won an election with a lot of support, that there are a lot of people, at this stage, happy with the result and willing to give us the opportunity to get things moving and to work hard and willing to help us do it. And there are people, I am sure Members on the other side of the House know, there are people who, in fact, voted for them who are also willing, at this stage, who are saying: "now the election is over you can, in fact, count on me for the good of Gibraltar to give whatever help I can". That is the response that we have had and I think it is a very good thing that in Gibraltar there should be this kind of feeling, as a cross section, at all levels in our community of people saying: "If we see that the Government is doing its bit, we want to do our bit to help them". On the question of the MOD, where help has been offered by the Opposition and reference has been made to Queensway, I do not think there is any question of the taxpayer having to pay. I do not think we will come to the House asking for money for the Gibraltar Government to pay for anybody to move out of the Queensway site. But we ourselves do not think that the MOD is being as obstructive as has been suggested. Certainly, it is early days yet, we may have a chance to think differently at a later stage, I do not know, but I can tell the House that in our initial discussions on our requirements, with the MOD, requirements which go beyond what has been made public before in terms of the 1983 Agreement on the release of land. The response from the MOD has not been negative. I am not saying we have agreements, at this stage, because we have not but they are saying to us that there are things that they need our assistance on, as a Government, and we are saying to them, there are things we need their assistance on, and the position, at the moment, from our point of view as a Government, is that we can say we are very happy with the degree of response we are getting from both PSA and from the MOD in understanding the nature of our problems and in being willing to help. For example, on the question of the reclamation, where we sought to extend the boundaries of the reclamation as they were published in the City Plan, the response has not been one of saying: "No because that is what was agreed before". They have said: "This is what was agreed before but, fine, if you have got new ideas we will look at those new ideas again and if we have got a problem here and you can accommodate us then we will see if we can accommodate you". At this stage I would say that, quite frankly, we do not anticipate difficulties with the MOD and we do not anticipate having to do battle with them and having to come to the Hon Leader of the Opposition for him to bring up his battalion, as it were, to rescue us from the MOD, that is not the situation. If I can just go back to something, which I think is important to clear, because we were asked specifically on this by the Leader of the Opposition. I think the Leader of the Opposition did not agree with the Hon Mr Featherstone in his analysis of the need to itemise the expenditure for the

Health Authority this year but said that he would want an assurance that this would be done in future years and said that he did not think it was the same as GSL and GBC. Because they had not been previously Government Departments and that they would want to have it itemised so that they could ask questions on how different items are going to be spent. Well, let me say I am not prepared to give that assurance. As far as I am concerned, we are going to be providing a subvention to the Health Service and we have got a number of ideas, in any case, to improve the situation so that that subvention is reduced and in that direction there will be less and less of a need to subsidise the Health Service from general taxation. Whether that is a route that we can successfully follow or not, I cannot be absolutely sure yet. We will probably try to make some move in that direction already in the next meeting of the House if we have got time to get the legislation ready, it is all dependent on my Hon and Learned Colleague the Attorney-General who will have to be given a JPC, I think, to produce all the legislation we want. I am not complaining about it yet because he promised me to get all the legislation ready in time, so I will wait and see what happens. Certainly our concept, basically, in this is that there is nothing sacrosanct about the fact that it was a Government department before. The whole idea of making it self contained, is that it has its own Board, the Health Authority has got its own Board responsible for monitoring the way the money is spent. As the House knows, when the Hon Mr Featherstone was there, apparently he approved the creation of a very large structure of administrative and clerical grades for which there was no financial provision, even in the £1m that we have taken out, which, in fact, the Leader of the Opposition himself questioned whether it should go out, but letters went out, asking people to apply for these things and one of the things we had to do when we came in was to say: "The letters have gone out and people have applied. The policy of the new Government is that we are not prepared to see a lot of money being spent on administrative grades and on more managers and on more SEO's and then we have got no money to employ nurses where the real need lies". That is why we have given the emphasis on employing the nurses and the nurses are being employed already and therefore the improvement on the service will be seen and it will be seen over the next few months. We will see a situation of a chronic shortage of nurses denied in this House for eleven years, since 1977, corrected in the next twelve months, that is what we will see. For the Opposition to say that they want everything itemised so that they can be sure that we are doing the right thing in the Health Authority when they were prepared to go along with a situation of employing thirty-one new posts of managers and SEO's and HEO's and EO's, I think is really asking too much. The Leader of the Opposition correctly assesses the degree of stringency that we have imposed on ourselves in projecting, as we have done, the figures for recurrent expenditure for the next four years. It is a very tight target to meet, of saying "we will only go up by £1m a year on recurrent expenditure". There is no question about that. As the Hon Members say, even if we increase nothing other than wages that figure would be exceeded and the answer is that there will have to be compensating savings in other areas. We think that we need to introduce that kind of targetting, that kind

of clearcut control beforehand, so that everybody knows what the parameters are and everybody knows that it is within that level of public spending that we are going to have to provide a service, which we are insisting at the same time, requires an improvement in quality. So effectively we are saying we want in the next four years to improve the quality of the public services, basically within existing budgets, not by throwing more money at the problem. It is a difficult target, no question about it, we are making it clear in the first Budget session after the election, so that everybody knows where we stand, both the people who work for us, the general public and the Opposition it is certainly our intention. There are things that can be saved, I have already pointed to areas where by catching something in time, we can stop things happening. If we had not realised this business of the leases that would have been an expenditure which would have been in-built into the system for three years, with a rental virtually agreed and with an annual revision in line with inflation, virtually agreed.

HON A J CANEPA:

If the Hon Member will give way. I had not intended to interrupt him again, Mr Speaker, but since he has made reference to this. That should have gone to Council of Ministers. There can be no question where the Government has been renting accommodation, at very high rents, of there being an automatic renewal of the leases, merely because a top civil servant, so decides, without going back to Council of Ministers. That has been the subject of referral, of Council of Ministers papers in the past and I am surprised that action was being taken without the Minister concerned knowing about it.

HON CHIEF MINISTER:

I do not know, Mr Speaker, because I am sure the Leader of the Opposition knows that we do not have access to previous Council of Ministers and therefore I can tell the Hon Member that the Council of Ministers meets daily not once a week.

HON A J CANEPA:

One thing that may have happened, of course, is a change at the top, where one Head of Department has been succeeded by a new one and in the intervening period, the new one may not be fully in the picture as to what the procedures have been, that can happen.

HON CHIEF MINISTER:

What I can say is that certainly we have caught it very late in the day. The problem that we have got is, in fact, as I have mentioned already, that the lease expires at the end of the month and therefore to say "no" now, means you have to decide between now and the end of the month, what do you do with the occupants, where do you put them? Therefore it was already at an advanced stage. This is the kind of thing that we have mentioned, I think, by inference, in the past

when something like this happens there is no choice as to the priority that has to be given to it, because you are working to a deadline and you have to take the decision before that deadline arrives. So there may be things that we consider to be more important which then have to be dropped, as it were, from the top of the agenda, to give such a decision and if the answer is going to be "we are not going to rent that place beyond the 31st May", we then have to start looking around to see how quickly we can move people and where can we move them to. Therefore you have to concentrate your mind to that problem. We have found ourselves, obviously coming in without the continuity of having been there before. If one had been in Government until the end of March, then you come in in April and frankly you know 75% of everything that is at some stage in decision making. We come in and what is brought to our attention we then have to make a judgement as to whether it can wait or not. We have found a number of things, this is the last one we have found, there may well be a few more waiting for us when we get there tomorrow. It tends to deviate us from the single mindedness with which we would like to be pursuing the programme, which I think the Opposition is entitled to say to us, not perhaps this soon, I think they have jumped the gun a little bit, but certainly they are entitled to be saying to us during the course of the next twelve months, "where are the things that you promised us, where is the Training Board, where is the growth in the economy, where is the move on housing?" We will be expected to show and demonstrate the progress that we are making. I am reminded, Mr Speaker, of another thing that the Leader of the Opposition mentioned. He said that he had called the Establishment Officer in and had questioned him about what the length of time it took to employ industrials and that he thought that if we were now saying that this matter was now moving faster, it was a reflection of what the previous administration initiated and we were reaping the benefits. Well when he came in, we did not find that the system was moving any faster than before he talked to the Establishment Officer. It was still taking five months. In fact what we have done, has nothing to do with the conversation that he had with the Establishment Officer. What we have done effectively, and it is still not implemented, although we took decisions about two weeks ago, we are still pushing to get it into effect. I understand it has still not been implemented but it will be in a matter of weeks. We are centralising the employment of industrials through the office of the IRO, and the situation will be that all industrials that are employed by the Government of Gibraltar will be dealt by a Personnel Department, just like in the Health Authority, the Personnel Officer, is responsible for personnel matters and industrial relations and in GSL the Personnel Office is responsible for engaging people and for industrial relations. We think that there is a logic and there are established precedents that this is a more efficient way to do it instead of having people sent from one department to another and then to another taking five months and then by the time it is finally decided that it does want to employ Joe Bloggs as a road sweeper, Joe Bloggs however, by that time has given up in despair and has found another job. Then you have to advertise all over again and go through the whole system again but you never employ a road sweeper

because you can never catch up with the applicant. He has given up before you have decided to take him on. That will stop and that will stop because there will be a central point of employment by the Government and the vetting, this business of somebody being told you cannot be a road sweeper in Gibraltar because you have a traffic offence dating to ten years ago, is gone it was a complete nonsense. The policy of the Government is that it is a nonsense that has worked exclusively against Gibraltarians because we employ people from all over the world about which we know nothing of their background. Ours we know everything that they do from the cradle to the grave and yet they get vetted. I can tell Members opposite that it was a political decision, there were a certain amount of arguments against it but we said this is the policy of the Government and this is what we wanted done and that is now in place. So we anticipate that those two moves that we have made will produce a situation where there will be an improvement in the cost of recruiting, never mind the time. Because as well as being a lengthy exercise it was an expensive exercise in terms of the time that people spent on this which could have been used to do something better than simply spend half their working life trying to employ road sweepers who disappeared as soon as it was finally decided to take them on. Therefore that is now a thing of the past. I regret to tell the Honourable Leader of the Opposition, Mr Speaker, that I cannot give him the credit for that one but if we find something that we actually get done that was due to something that they did, we will not mind saying that we are carrying on where they left off but so far it has not happened. On the question of the way the economy is performing now, the Leader of the Opposition mentioned the fact that we have a situation where we have the choice that recurrent revenue is sufficient to meet the recurrent expenditure and that it is only because we are covering deficits in GSL, in Electricity and in Housing that we have a deficit. That is only because we choose to present matters that way, surely the Honourable Member will recall that in 1972 when they took office we did not have funded accounts and therefore electricity, water, telephones and housing were considered to be part of normal recurrent expenditure. Certainly the policy of the Government will be to move into notional accounts, if the Honourable Member will remember, the notional accounts at the end of the Estimates were not in fact treated as special items requiring a Government subsidy or a Government contribution, they were totally integrated into the general body of the Estimates. There was no attempt at all and it was in 1976, I think, that the funded accounts were introduced for the first time and there was this exercise done correcting the situation way back to 1969 when the City Council disappeared. We in fact wish to move into the direction of more commercial accounting in those areas and that was something already being looked at under the previous administration. There was some work done on that and in fact the work done on that indicates that the real cost, the real economic cost, for example, of producing water is considerably higher than the cost shown. One of the deficiencies of the system, which I have pointed out on many occasions, from the other side of the House, is that we assumed that the plant used to produce the water has an eternal life and therefore we do not reduce the

cost and the value of that plant over the estimated life. It ought to be done, to give us the real cost of desalination. We are comparing desalinating water by boiling or desalinating water by reverse osmosis or importing water by tanker, then to do a true comparison, we ought to take into account what it cost to buy the plant and what it costs to replace the plant and we have not done that and that is necessary. If we had done that in the year just finished, it will actually amortise the desalination plant and the interest charged at the desalination plant this year, the water account would not be showing £40,000 deficit, it would be showing £1.4m deficit. It is a paper exercise because if it is really costing £1.4m it is costing £1.4m. If we had shown it in the accounts all that would have happened would have been that recurrent expenditure would have shown the same figure, recurrent revenue would be £1.4m higher, because it would have been a re-investment and the need for the contribution to the water fund which is absent here would have been £1m or whatever, so it does not alter whether we show it or we do not show it, we are still paying it. The reason for showing it is that it is better to know. We then decide politically whether we wish to pay through taxation or we wish to pay through water charges, so it is not true to say that we can balance the budget by charging more for water or charging more for electricity or charging more for rent. Of course we can. We can also balance the budget by putting a capital gains tax or by taxing people with incomes in excess of £20,000 or any other way. The political judgement is at the end of the day, do we have enough money to pay for our schools, to pay for our medical services, to pay for the water we consume, to pay for the housing, to pay for the electricity and the answer is no, we do not have enough money. We are short by £1.8m, that is the answer and we know we are going to be short of another £2m during the course of the year on the assumption that the revenue estimates are reasonably accurate. It could well be, because it has happened in the past, that revenue during the year will prove to be better than is being estimated at this stage. We will monitor the situation during the course of the year and if we find that the trend of revenue is greater, then we will take a more relaxed view on allowing increases in expenditure. If we find that it is not going to be greater or if we are unlucky and we find that it is in fact going to be less, then we will have to take a tougher line on spending. It is not true to say that it is as simple as asking people to pay more for their houses or asking people to pay more for their electricity because that is just a different way of raising money and as far as people are concerned, in Gibraltar, with the way we have operated as a Government running these things it is just another public service that is being provided. For people to relate to water, housing and telephones as a commodity that they are buying like they are buying a tin of baked beans, we have to get them, first of all, on a proper commercial footing, so that we know what we are talking about. It is only now that I can tell the House that I have discovered that when we have a figure in the funded accounts for Pensions and Gratuities, that is not what is actually paid in Pensions and Gratuities to people who work in the Water Department. That is just a notional figure of X per cent of the wage bill. You cannot run a business like that and therefore that has got to be put right. We have to be sure we are producing a set of

accounts that shows the cost. We do not want to go from one end where the general body of taxpayers subsidise the water consumer to the other end where the water consumers subsidise Civil Service Pensions. The first stage, necessarily, must be to move down that road and we may not be able to move down that road in the first year with all the four funded services. Perhaps the most logical one to go with first would be the Telephone Department because that is the one that most obviously is a trading organisation. But it is the intention of the Government to do that so that when we come to the House, we have a situation where we are not saying, "here we are approving money on telephones, water and electricity which is not really a parliamentary function, it is a commercial function. It is the management of these utilities that should be taking commercial decisions on investments and at the end of the day because we are the owners, we have to keep a very close eye on how the decisions are taken. Just like we have to do with GSL, because we are the owners of GSL, we the people of Gibraltar, and with the Health Authority. So we do not see a major difference necessary in approach or in control of public spending and ideally, the way to see it, and this is why it may not be such a difficult task to meet the limitations in the longer term, on keeping a fairly rigid control of public expenditure, is because we want to bring public expenditure, narrow the scope of public expenditure to what public expenditure ought to be about. It should not be a political decision, whether we buy more telephones, or we do not buy more telephones, when there is somebody essentially running an entity which is in the business of selling telephones. The logic is that you buy more telephones if you can sell them at a profit and you do not buy them if you are going to make a loss on them; so it should not be a matter for debate in the House or for political decision. I think where we have to say, and this is why in a way the Gibraltar Investment Fund is an innovation, but an innovation that is intended precisely to get us thinking in those terms of commercial accountability, and certainly this is why we are not prepared, and I am making that absolutely clear, we are not prepared to have a situation where the Investment Programme of the Government, on behalf of the people of Gibraltar, is brought to this House so that the House can spend days here scrutinising whether we are going to have current accounts or deposit accounts or whether the rate is going to be so and so or less, whether we allow overdrafts or we do not allow overdrafts. That is a complete nonsense and we are certainly not doing it. What we think we are perfectly entitled to answer for and I have already, in my opening speech, Mr Speaker, made clear that we are expecting the Fund to be reflected in these estimates in two years time, not before. We have already said that we are budgetting for a deficit this year and for a deficit in the next Financial Year and in year three we expect to break even because we expect the Investment Fund to be, for the first time, in a position to make a contribution to the general revenue of Gibraltar. That contribution will be shown as Government Revenue, the Fund already provides for that to happen and, in fact, let me tell the Honourable Mr Montegriffo, since he is the one that placed most emphasis on this and was most critical of us, that already in what we have said today

in this House, we have given considerably more information, than his party gave this House about the Gibraltar Telecommunications Fund. Which was set up virtually exactly the same way as the Gibraltar Investment Fund, and which was set up on the 31st December, and there was a House in December and there was a House in January, and no attempt was made to give any explanation to this House about the fl.7m that was paid to British Telecom. By the standard of the previous administration, he ought to be dancing on the floor, Mr Speaker. Whilst we are on the subject of Gibtel, we have promised to give a complete explanation to the people of Gibraltar, as to the decisions that we will be taking when the whole thing is finalised. However I have to say that the Agreement between the Gibraltar Government and British Telecom contains a clause which says we cannot make it public, which we regret very much, because we would dearly love to make it public and satisfy not just members on the other side, but the whole population of Gibraltar, but I am afraid we did not sign that Agreement. That was signed on the 27th December by the AACR administration. We certainly would never have accepted a clause in an Agreement that prohibits a Government from making the Agreement public, but that is what it says. If we can get the other side to agree, to free us from that restriction, we shall be delighted to make the Agreement public because there are certainly many questions we would like to ask those who signed the Agreement. The Honourable Mr Featherstone questioned whether the Statistics Department was intended to increase in size. I can tell the Honourable Member that the Statistics Department has great difficulty in coping with the demands we are making on it now. However when looking at Government employment, our view is that we do not look at individual departments, although there are some areas of Government where a specialist knowledge is required and therefore the necessary skills do not exist elsewhere in Government, that is only true for a very small proportion of Government employment. The vast majority of Government employment is on the basis that people can be adequately re-deployed and if necessary re-trained and therefore the intention of the Government is to do all the extra things we said we are going to do, with the same manpower. That may well be that some departments get bigger and other departments get smaller. I have already mentioned some changes that we are planning for the Industrial Relations Department, which in fact, if we look at the Estimates comes under the same Head of Expenditure on Page 37. If Members look at the position there, we have a situation where we have got eight under the Industrial Relations Division and thirty-six under the Establishment Division. Now what we are doing there, is in order to produce a more efficient organisational structure, which is a political decision, we are essentially moving people from the Establishment Division to the Industrial Relations Division and eliminating certain functions, primarily in relation to Staff Inspections, which we consider to be a very expensive way of doing business, and by additionally giving a greater workload to that department through a Personnel role, a Recruitment role and an Employment role. We believe we can use our manpower more efficiently, but at the end of the day, when we come to the House there will not be a need to spend more money. We are confident and this is one of the first examples, we will



be improving the way we are using the skill and manpower and the ability of the people that are already in post. We believe they are under-utilised, we believe that although they may require a little bit of persuasion at the beginning, because it is a new thing, and we are asking them to accept changes and to some extent take us on trust, we believe that when it starts functioning, even the people themselves, will be getting more job satisfaction, because they will be producing results and they will be seeing the benefit of those results. Whereas at the moment, as Honourable Members opposite know, from their years in Government, and that I have known from many years in Opposition, the reality is that the system works on the basis of papers and reports going round and round Gibraltar but never stopping. By the time it finishes in the fifth desk, it starts off again the first desk, where it started in the first place and the thing seems to be an infinite circle where everybody asking everybody else to put their comments and then it gets back to the initiator. That cannot go on. We are not going to allow it to go on. I believe honestly, Mr Speaker, that if the Members of the Opposition, and there has been some indication of this today, I think, it was the Honourable Mr Mascarenhas, who said that if we achieve the things we said we were going to do, he will take off his hat, I am glad he said he would take it off and not eat it, because I would not want him to get indigestion, because we do intend - I think he said it was over-ambitious - over-ambitious implies it cannot be done. I accept that it is ambitious, I accept it would be not just over-ambitious, impossible if we tried to do it in the way things have always been done in Gibraltar, but there is nothing immutable about that. I believe we can do things better and differently and I believe that if the Opposition genuinely want to do a positive role, and I would remind them of what I said in my official speech on the Opening of the House in 1984, about the role of the GSLP, in Opposition, which was to be critical of the Government, to improve their performance but not to improve it so much that they got back into Government. It is quite obvious that I failed totally, not only did I not improve it so much that they came into Government, I made so little impact on improving it that they lost. I cannot say I regret having failed, but I recommend to them that they should take the same approach to our own performance. That they should look at us honestly and critically and not try to find fault for the sake of finding fault and stop us making mistakes if they think we are about to make a mistake because at the end of the day Gibraltar will benefit and at the end of the day, the people of Gibraltar will have a greater respect for us, as politicians, and a greater respect for this House of Assembly if we operate in this fashion. What we have to stop doing, Mr Speaker, is to do the kind of thing that the Honourable Dr Valarino was doing in his contribution to this debate. For a man whose most notable contribution in this House of Assembly has been to fall asleep on the Government benches, to come here and question us that after five weeks and ask us what we are doing is really the height of cheek, Mr Speaker. I do not think there is any other way of describing it. He actually forecast that there

was going to be more unemployed. I hope I did not wake up the Honourable Member?

HON DR R G VALARINO:

If the Honourable Member will give way. It is no wonder I fall asleep when you talk.

HON CHIEF MINISTER:

I see. I did not wake him up then? He told us that the 300 are mostly unemployable and I have to ask him that if he, as Minister for Labour, has believed that we have a situation where virtually all the Gibraltarians registered with the Department are unemployable, why do we have a Labour Department to employ them? Why spend hundreds of thousands of pounds in creating a Department of the Civil Service to try and employ unemployables? Who by definition cannot be employed? Why do we want a system that has been, Mr Speaker, in operation until now, that employs an average of 150 people a month, of whom one or two are Gibraltarians? If we look at it from the point of view of the service we give our own people, we employ twenty people a year and one and half thousand foreigners. What do we want the whole system for? The whole system is supposed to be, to protect the Gibraltarians. It is manifestly failing in its function and that is the way we have to look at public spending. We do not have to look simply at doing things in a particular way because that is how they have always been done. We have to ask ourselves what is the objective? Why is it being done? What do we have the Control of Employment Ordinance for? What do we have Work Permits for? What do we have Labour Contracts for? Now, if the things we have it for, which is the important thing, we are not getting, then we go back and we ask ourselves should it be done in another way, and that is what we are going to do. We are going to look at the Control of Employment Ordinance, which manifestly is not working and not being looked at for many years, since the closure of the frontier in 1968, and we are going to look at ways of improving that, so that when we spend public money, we do it so that we finish up with a situation where the Gibraltarians get a job first and then the ones that the Gibraltarians do not get, is available to the rest. Not the other way round. The Honourable Member opposite has forecast that over the next four years, there will be an increase in the number of school leavers, but that requires an increase in the birth rate.

MR SPEAKER:

With respect, what he did forecast was an increase in employment due to the fact that there would be an increase in school leavers.

HON CHIEF MINISTER:

Yes, exactly, he said, "I will forecast that over the next four years there will be an increase because of more school leavers". That means that there must be more people coming out of schools, which means that there must have been more



people born sixteen years ago, than the average, eighteen years ago. There cannot be more people coming out of school than people going in. Even he cannot change that statistic. I can say that certainly, unless there is yet another discovery to be made, from the published Abstract of Statistics showing the school population, there is no indication that there was a population explosion about fourteen, fifteen or sixteen years ago. No indication of that. Therefore we do not expect that the number of school leavers over the next four years will be any greater than the average which is something like 220 or something of that order. We think the numbers coming out of school will be about the same as it has been in the past. So we do not think the employment market is going to have to absorb more people. However, what it is going to be able to do, for the first time, because it has never been done before, is have a situation where initially the school leaver will go into training and then from training he will go into the labour market. So in fact, he has got it completely wrong. Over the next year or two, there will be very few school leavers entering directly into the labour market. Over the next year or two, what we can expect, is an artificial decline in the number of unemployed. But we are not going to try and use that as an argument to say "we have solved the unemployment problem". We could do it, but we are not going to do it. What we are going to be doing effectively is, if we are increasing the scholarships, then obviously the school leavers who are in university are not going to appear here as unemployed, so they will not be appearing in the next three or four years, they may appear in four years time, but not in the next three or four years. The people who go into the local training schemes will be taken out of the labour market, now that gives us the time, because in fact, we are doing, if you like, something which has got a shorter immediate effect. That gives us the time then, to produce the necessary framework, to monitor and control the demand for labour, so that by the time the supply of labour is restored, we are able to match the two. Now it will not be the Government that is doing it and it will not be the Civil Service that is doing it. It will be a Body especially created, with terms of reference to do just that, employing professionals, dedicated to doing that. The importance of that is that they will then be able to get on with that job and we do not have to be actually on top of it ourselves, either politically or through the Government machinery. Therefore, if the Department is grossly undermanned, as the Honourable Member opposite says, the fact that we are making this other alternative arrangement means that the undermanning may be, if you like, improved by a reduction in work and not necessarily by an increase in employment. Because as far as we are concerned, if we need to have more people in the Labour Department, they will have to come from another department. We are not prepared to increase overall Government employment. I am surprised that they should be grossly undermanned, I can only suppose that this is something that has happened since the 25th March, because I do not see how he would have, as Minister for Labour, consistently defended that the situation was satisfactory, in this House, in answer to my questions and suddenly say that they are grossly undermanned. But I accept that the situation at the moment in the Labour Department, is certainly that they cannot do what

is required of them. I think the situation is that with the manpower that they have got, they cannot enforce the law. That is clear, and that has been clear for many years, and therefore we are just not going to say, we will employ ten times more people, we are going to look at the law and see whether the law makes sense so that we can produce at the end of the day, something that on balance, gives us the results that we want but does not cost us a fortune. I believe I have covered most of the points and I have also lost a few notes as was usually the case when I was on the other side. It used to happen before and still continues to happen. I have always believed, really, that there was some malevolent influence at work in these matters, Mr Speaker, that always looses my notes when I have got them most carefully prepared and that they surface after the debate is over. But, I believe, I have covered most of the points raised by the Members of the Opposition and therefore in moving the Appropriation Bill, Mr Speaker, I do it in the knowledge that it does not reflect all the things that our Government would like to see, in fact it reflects very little of it, in the knowledge that we accept the right of the Opposition to monitor and question what we do and that, in fact, as long as their monitoring and questioning has the effect of making us perform even better, then we shall be grateful to them and I suppose if we perform really really well, who knows they might even vote for us the next time.

MR SPEAKER:

I will then call on the Financial and Development Secretary to exercise his right to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Not really, Mr Speaker, the Honourable and Gallant I.T Col Britto did actually raise a number of detailed points on the makeup of the Estimates. I will be quite prepared to have a discussion with him about these, I think they are mostly, if I may say so with respect, of an aspect of his unfamiliarity with the horrors of producing Estimates and Annual Accounts. So rather than delay the House by answering him point by point in detail, probably inadequately, because some of the points are rather lengthy, I do not propose to make a contribution.

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

HON CHIEF MINISTER:

It is my intention, Mr Speaker, to adjourn the House at one o'clock tomorrow and continue in June at whatever point we have reached in the Committee Stage, if we have not completed the Committee Stage. I would prefer frankly to start at 10.30 because, as I am sure Members opposite know, the time here means that there are things piling up there which need answering and I am going to be away for a couple of days.

The House recessed at 7.15 pm.

WEDNESDAY THE 4TH MAY, 1988

The House resumed at 10.40 am.

MR SPEAKER:

I will remind the House that yesterday evening we finished the Second Reading of the Appropriation Bill and that we now go into Committee to consider the Estimates of Expenditure for the year 1988/89 Head by Head.

THE APPROPRIATION 1988/89 BILL, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the House should resolve itself into Committee to consider the Appropriation 1988/89 Bill 1988, Clause by Clause.

COMMITTEE STAGE

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

Schedule

PART 1 - CONSOLIDATED FUND

Head 1 - Audit

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

Sir, is there any explanation why under Sub-Head 3 - Cleaning of Offices has gone up by 50%?

HON CHIEF MINISTER:

Mr Chairman, the only explanation that we can assume is that the amount allocated by the Treasury for that takes into account wage increases since last year and any other increases like materials in that area. I would like to remind the Member opposite that the Estimate shown for 1988/89 is, in fact, what the Treasury approved in relation to the bid that was made.

Other Charges was agreed to.

Head 2 - Crown Lands

Personal Emoluments

HON A J CANEPA:

Mr Chairman, I am sorry to see that the Honourable Mr Michael

Feetham is not in the House this morning but perhaps the Honourable the Chief Minister might be able to answer, and if not perhaps when Mr Feetham.....

MR CHAIRMAN:

He is most certainly in the House.

HON A J CANEPA:

I have been concerned in the last year or so about the workload of this Department having regard to the amount of Development going on, particularly in the Private Sector, and the demand that that makes on the Department by way of outline Planning Applications, by way of Building Applications and the necessary follow up action. The Head of Department, I must say, was very good about my concern, in the sense that particularly last summer he was saying well look, "let us not rush into the restructuring, let us not just think that the solution lies in taking on more people". I was also suggesting the possibility perhaps of seconding people from the Public Works Department, who because of a much smaller Government Development Programme might have less of a workload. The intention was that there should be a Staff Inspection carried out of the Crown Lands Department and of course, I have noted the remarks that have been made in the House during this Meeting, about the question of Staff Inspections, but the point that I have made about secondment might fit in with the Government's policy regarding re-deployment of staff. The Establishment Division's Management Services had a certain series of commitments on Staff Inspections and Crown Lands did not figure very high in that order of priority. I was somewhat loath, at the time when I became Chief Minister, to have the Council of Ministers issue any directive about it, because I did not want it to be thought that I was abusing my position as Minister for Economic Development. But I wonder what are the thoughts, the views that are taken by the Honourable Mr Feetham now that he is the political head of this Department, having regard to the points that I have made, what he has noticed about the workload of the Department, whether he has discussed the matter with the Head of Department and what they propose to do to enable what is a very hard working and a very efficient Department to cope with their increased workload over the last two years or so.

HON M A FEETHAM:

Mr Chairman, I agree with the general sentiments of the Honourable Leader of the Opposition insofar as the Department for which I am now responsible for. I think that the House should know that there has been a shift in Development from the influence of the Public Works Department in dealing, for example with the Government's own Development Programme and some aspects of ODA, to a situation where Crown Lands has taken on, as it were, the burden of the Private Sector Development and there has been a marked shift in that direction. I recognised that from the moment I took office and what we are doing is looking at it from a fresh point of view, we are

looking at it from the point of view that we need a re-organisation, not just the Development Programme that may emerge from the Private Sector but take into account the policies of this Government insofar as its own Development Programme is concerned and its own diversification programme. So therefore, clearly, there is a case for centralising development through the Department and if that is the case, what must not happen is that we have long delays in coming to decisions because the structure which is there at the moment does no longer cater for the circumstances of today. Mr Chairman, I would like to inform Honourable Member's opposite that we are thinking of seconding officers to the Department, initially, until we see how it works and then come to a firm decision. There has to be a transitional period of re-organisation in order to bring in a planning and engineering input into the Crown Lands Department. I think that in this way things will move at a much quicker pace.

HON A J CANEPA:

I take it that those coming in will be from a Department such as Public Works.

HON M A FEETHAM:

It is already Government's policy, as outlined by the Chief Minister, that we are not recruiting new staff but using the same staff that is available there in a more organised and efficient way.

Personal Emoluments was agreed to.

Other Charges

HON LT COL E M BRITTO:

Mr Chairman, is there any particular significance in the sharp increase under Sub-Head 8 - Upkeep of Crown Properties?

HON M A FEETHAM:

Yes there is an explanation, Mr Chairman, it takes into account the damage suffered by the wall that divides the road from Woodford Cottage and it was an immediate remedial necessity that it be made good and that is what those funds are there for.

Other Charges was agreed to.

Head 3 - Customs

Personal Emoluments

HON P C MONTEGRIFFO:

Mr Chairman, can the Minister explain the increase, not a very great increase, of two or three Executive Officers? Is this something that was agreed to in the past or some form of general reorganisation?

HON CHIEF MINISTER:

These people were already in post before the 24th March. There has been no new increases in staff since the 25th March.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 4 - Education

Personal Emoluments was agreed to.

Other Charges

HON G MASCARENHAS:

Mr Chairman, under Item 8 why the decrease of £24,000 under College of Further Education?

HON J L MOSS:

This is due mainly to the fact that we expect the Specialist Laboratory Workshop equipment materials to be cheaper than what was originally estimated.

HON G MASCARENHAS:

Under Item No.15, Education for children outside Government Schools there is also a significant decrease of £28,700. Can the Honourable Member tell me why?

HON J L MOSS:

Again, Mr Chairman, this is due to the fact that we expect less Government sponsored children, at this point in time, to go to the Services schools.

(2) Sport

Personal Emoluments was agreed to.

Other Charges

HON LT COL E M BRITTO:

Mr Chairman, under Item 3, has there been a policy decision to reduce equipment?

HON MISS M I MONTEGRIFFO:

No, Mr Chairman.

HON LT COL E M BRITTO:

Can I have some idea why the reduction?

HON MISS M I MONTEGRIFFO:

Mr Chairman, at that time it was actually the Treasury bid.

Other Charges was agreed to.

Head 5 - Electricity Undertaking

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Mr Chairman, how realistic is the figure of £600,000 for the provision of fuel to King's Bastion. Is it that there is a shift from King's Bastion to Waterport and that is the reason for the provision of less fuel there? Is it anticipated that there will be less use made of the plant at King's Bastion having regard to the forecast outturn of £885,000 as compared to provision of only £600,000? Yet, Mr Chairman, that contrasts with wages which is the other way round. The provision for wages at King's Bastion is much higher than at Waterport Power Station. There seems to be a discrepancy there.

HON CHIEF MINISTER:

I think that if the Honourable Member were to look at last year's Budget in Hansard, I think, we will find that we asked him the same question and I do not remember what answer he gave us. Whatever answer it was, the answer is the same, because exactly the same thing happened in the Approved Estimates last year.

HON K B ANTHONY:

Item No.7. There is a reduction of £78,500 in materials. Can we have some information as to where the savings are being made?

HON J C PEREZ:

Mr Chairman, most of the queries arise from the fact that ten men from Waterport were transferred during the year to King's Bastion and their wages, which the Honourable the Leader of the Opposition was asking, is why King's Bastion has more in wages and in materials. I do not have notes on this here but I suspect that it has to do with extra wear and tear due to the longer run of the engines due to more failures at Waterport. That is the reason why there are more materials at King's Bastion.

HON A J CANEPA:

Mr Chairman, before I go on further may I make it clear that I am asking this sort of question because when we were in Government, I would expect my colleagues to be able to give me answers to these sort of questions when we were considering the Estimates. That is the approach that I am taking, it is the sort of question that I would be asking in any case. Mr Chairman, I find it odd that the provision for fuel in Waterport Power Station in the Approved Estimates for 1987/88 was £1.4m and the forecast is £865,000, so there has been under-utilisation and yet we are expecting to go back to £1.3m for fuel this year. It could be due to the fact that No.3 Engine is going to come on stream, but I find it odd. I do not think there has been such a saving in the cost of fuel, so dramatic during the course of the year, to account for £1.4m to go down to £865,000.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There have been more faults in King's Bastion. It is difficult, Mr Chairman, to generalise these figures. We are to some extent prisoners of the procedures adopted by the House for considering Estimates. Obviously there is great deal of detailed information which is not immediately available.

HON K B ANTHONY:

Mr Chairman, under Head 18, does the increase of £8,000 indicate more apprentices are being taken this year?

HON J C PEREZ:

No, Mr Chairman, the increase, I think, has to do with an increase in costs of the training not an increase in apprentices.

HON K B ANTHONY:

Mr Chairman Head 22 - The Distribution Service there is a saving of £36,200, I would have thought that the longer the Distribution Service is used, more will have to be spent on it. Not less.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it is based on the formula used in Treasury allocations. It is a simple arithmetical answer, I think, to that.

HON CHIEF MINISTER:

If the Honourable Member looks at the £139,000 that was voted in last year's Budget what we find is that during the course of the year there has been Supplementary Estimates increasing the figure to £180,000. Now this year we are going back to the original figure and increasing by 5% the original figure, it will probably mean that there are unexpected things on the Distribution Service that will need to be done during the course of the year and which will mean that at the end of the year we will probably finish up with a higher figure.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, perhaps I am saying something that is unnecessary. The basis of the Treasury Allocation is the previous year's Approved Estimates plus any inflation and in the case of salaries or other expenditure of a recurring nature that is also built in as well. One can have Incidental Expenditure but obviously it would be wrong to use that, although it might increase the outturn of the year, to use that as the basis for Treasury Allocation.

HON LT COL E M BRITTO:

Mr Chairman, how realistic is the reduction of £45,000 under Item 25 considering that the Actual Expenditure in 1986/87 was over £98,000 and the Revised Estimates last year was £65,000?

HON J C PEREZ:

The Departmental bid was £20,000. Probably, Mr Chairman, because overhauls which needed to take place on Engines No.1 and No.2 have already been completed and it is not foreseen that an overhaul is required during this Financial Year.

HON M K FEATHERSTONE:

Sir, Item 26, does this mean that at last the boilers are going to be used?

HON J C PEREZ:

Not necessarily. In terms of the expenditure it has been included and certainly moves are already in train to get the boilers used and to resolve the matter which has been pending for a long time and as a result the boilers have not been used.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 6 - Environmental Health

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

Is there any reason why there is no forecast outturn for 1987/88?

HON MISS M I MONTEGRIFFO:

I think it was, Mr Chairman, because it did not come under the Environmental Health before.

HON LT COL E M BRITTO:

Mr Chairman, on a general point Item 12 - Official Visits Abroad I notice that this Item appears usually as a new Item throughout the Estimates, is this indicative of the Government's policy of further travel abroad to promote Gibraltar?

MR CHAIRMAN:

The question is that it seems that throughout the Estimates Official Visits are being itemised separately and whether this is a new policy of the Government.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes it is new. I would not say it is a new policy of Government, Mr Chairman, but before Visits Abroad and certain other expenses were held in a central vote and they have now been split up. This is one of those pieces of disfunctional accounting where you used to give someone the title of Controlling Officer for something he could not control and it is more sensible to give the individual Departmental Head responsibility for something when it gets to a large size and becomes significant like this one.

HON LT COL E M BRITTO:

Yes, but Mr Chairman, with respect to the Honourable Member opposite, my question was whether it is as a result of a Government policy for increased travel abroad because looking throughout the whole Estimate and if one ignores the Expenditure in the Telephone Department, presumably because there was more as a result of the Gibtel situation, the net increase throughout the Estimates is in the region of a 13% increase and my original question was; "Is this indicative of a new policy of further travel, and if not why is it substantially above the 5% that we have been told is indicative of the Estimates."

HON CHIEF MINISTER:

There has been no Government policy decision to increase this vote beyond the Treasury Allocation. What you see there is in fact the amount that the Treasury recommended should be

accepted in relation to the Departmental Bids. The Item for Official Visits is related to the work of the Department. It has nothing to do with the promotional aspects that I mentioned in my opening statement which is reflected in the Treasury Vote. These are, for example, visits by individuals in the Environmental Health professional field that might be attending a Conference on Environmental Health. So there has not been a political decision to increase this Vote because of the Government's own commitment to promotion in respect of Gibraltar generally.

HON LT COL E M BRITTO:

Mr Chairman, I thank the Honourable Chief Minister, that is what I meant. When I am talking about general increase, I was talking about an increase overall, and as you rightly pointed out, I think under the General Division where the increase is in the region of £5,000.

HON CHIEF MINISTER:

Mr Chairman, we have a note here saying that £3,000 is for an Official Visit to Hungary in 1988/89. If these things take place in different parts of the world, then there could be quite a large jump one year, although it is still one visit just because the location is further away.

Other Charges was agreed to.

Head 7 - Establishment and Industrial Relations Office

Personal Emoluments

HON A J CANEPA:

Mr Chairman, I take it that having regard to the statement made by the Honourable the Chief Minister, we can anticipate next year that the format of this page may suffer considerable alterations.

HON CHIEF MINISTER:

Yes, I would expect that it would. Certainly at this stage the alteration that is already taking place technically makes no difference to the body of the Estimates because all that is happening now is that whereas the complement that constitutes the Management Services Unit is now included in the Establishment Division, we are in the process of including it in the Industrial Relations Division. Both the Establishment and the Industrial Relations Division have, as far as we are concerned, suffered a reduction in their workload by virtue of the conversion of the Medical Department into the Gibraltar Health Authority and who now do all their own recruitment and their own industrial relations. So therefore we feel that there ought to be spare capacity in Establishment Division and the Industrial Relations Division since they have lost some work. So more compensating work can be given to them. It may mean that as we rationalise the work of the Section and as we learn

from the experience of doing so during the course of the year, we may find that some of the bodies or some of the gradings may not be fully employed in the new configuration and therefore we may finish up with a situation where either the complement is slightly smaller or perhaps even if the complement is the same, we may have more COs and less EOs or something like that. Although any changes here will give us an opportunity for compensating increases in other areas, for example, the Company Registry where we are under considerable pressure to provide more manpower and they might benefit from a saving of this size.

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Sir, under Item 3 I notice that the provision of mechanical office equipment has been escalating from year to year. In the current financial year 1987, the one just ended, has been about three times the actual expenditure than 1986/87 and again there is provision here for more than what one would regard as the norm, is there any particular reason for this, and having regard to the proposals of the Government for rationalising and restructuring this Division, is there a need to re-examine in fact the provision that is being made?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There is an explanation for this, Mr Chairman. I am assured, although, I have not actually done the arithmetic, that there is a change as between Sub-head 6 - Printing and Stationery and Sub-head 3 that in the case of Printing and Stationery there has been a transfer and hence the difference in the amount.

HON A J CANEPA:

Perhaps items that were previously being regarded as Printing and Stationery are now being regarded as part of the mechanical office vote?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, it involves duplicating and photocopying.

Other Charges was agreed to.

Head 8 - Fire Service

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, just for information mainly Item 11 - Staff Training there seems to be a nominal sum of £1,500, is this purely for local training?



HON J C PEREZ:

It provides for courses on Breathing Apparatus and Health Standards.

HON K B ANTHONY:

But local courses?

HON J C PEREZ:

Yes.

HON A J CANEPA:

There is no provision this year being made under Special Expenditure for Training Equipment and we know we have already heard the Government have taken a decision to freeze Special Expenditure at least until they have carried out a closer re-examination. However this is the department that attaches a lot of importance to on the job training and they have been modernising their equipment during the last couple of years. I hope that the Minister will view any request that has been made by the Head of Department and put aside for the moment. I hope that he will view such a request sympathetically because one is concerned that the good direction that was being given to this department that that momentum might be lost.

HON J C PEREZ:

Mr Chairman, I have already discussed this with the Head of Department and once the Budget Session is over, it will be considered and looked at favourably.

Other Charges was agreed to.

Head 9 - General Division

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Mr Chairman, there is a new Item 14 - Visiting Delegations. We have had no explanation for this during the Second Reading of the Bill and there is no explanatory note included so could we have some information about this new Item?

HON CHIEF MINISTER:

Mr Chairman, the Leader of the Opposition will recall that for many years we have been advocating from the other side of the House investing, because this is how we see it, in getting Members of the European Parliament of other nationalities than British to visit Gibraltar. In fact, I think, there were some proposals looked at by the then Government in January/February and some names were put forward by Lord Bethal. We think this is important and the sum included, has been if you like plucked out of the air, and we do not know whether £30,000 will prove

to be more than we need or too little. The Government is however committed to a policy of bringing people out to Gibraltar who can influence, in their own circles, a more sympathetic understanding of Gibraltar's views and the advice we have had over the years from our friends in the European Parliament has been that we need to widen the net and not concentrate just on British MEPs because there seems to be a tendency by others of saying "well of course the British are looking after their own and they are biased". It is far more effective if we have got Dutch Members of Parliament or French or whatever saying something in favour of Gibraltar so that is the purpose of that.

MR CHAIRMAN:

May I perhaps ask a question which is close to my heart. Mayoral Expenses are there going to be none this year?

HON CHIEF MINISTER:

That Item has been transferred to the Tourist Office.

Other Charges was agreed to.

Head 10 - Governor's Office

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 11 - House of Assembly

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Are we able to vote against the Special Expenditure on Election Expenses?

Laughter

Other Charges was agreed to.

Head 12 - Housing

Personal Emoluments

HON LT COL E M BRITTO:

Mr Chairman, I refer to the point I made yesterday and in particular to Item 3 on Overtime. If we look at the 1986/87 Expenditure of £13,000 and the Revised Estimates for last year of £14,000 and bearing in mind the Approved Estimates figure for last year of £18,000 is the figure for £19,000 for overtime realistic?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The figure £19,000 is clearly based on the Approved Estimates for last year and I am not quite sure, if the Honourable and Gallant Member means it is excessive or realistic?

HON A J CANEPA:

It would appear to be excessive in the light of actual expenditure over two years of £13,000 one year and £14,000 another and yet £19,000 this year.

HON LT COL E M BRITTO:

Mr Chairman, whilst the Honourable Gentlemen are deliberating on the other side, if I may expand on what I was saying.....

HON CHIEF MINISTER:

Let me give him an answer straight away. We are not deliberating. It is quite clear. The Department a year ago said they needed £18,000 for overtime and they did not spend it all during the year. This year, they came back saying they needed £19,000 for overtime based on the same number of hours estimated last year. We have approved in this year's Budget, the same number of hours of overtime for the Housing Department as were approved twelve months ago, although in fact in the course of the year they did less overtime than they thought they would need to do. But that can be for a variety of reasons including the fact that people may not wish to do the overtime and they cannot be forced to do it. It is an estimate of what the Housing Department thinks is needed and here we are talking about overtime performed by non-industrials under Personal Emoluments. The industrial overtime is under Other Charges and for example things like maintenance is not really controlled by the Housing Department but by the Public Works. So it is really the non-industrial overtime which will probably involve people like the District Wardens and the Office Staff. We have, in fact, not made any attempt as we have said earlier in answer to another question, to change the overtime policy from what it was in existence already. Simply continued it until we have a chance to review it.

HON LT COL E M BRITTO:

That is exactly, Mr Chairman, the point I was making yesterday and earlier on. That it seems to me, and I stand to be corrected if I am wrong, that in some Heads this year's Estimates are based on the Revised Estimates of last year which in this particular case it is based on the Approved Estimates of 1987/88.

HON CHIEF MINISTER:

No. In all cases they are all based on the Approved Estimates. By coincidence what the result is of the basis of the Approved Estimate plus the increase may come out to be very close to the forecast outturn but that is an accident. In all cases they are the Approved Estimate plus an increase which the

Treasury has recommended should be accepted. There have been very very few exceptions to that rule.

HON M K FEATHERSTONE:

Why is the variation in, for example, Personal Emoluments - Overtime £5,000 which is the difference between the Forecast Outturn and the new Estimate, why is it not £1,100?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Personal Emoluments Overtime.

MR CHAIRMAN:

We are still on Housing, and the variation is on the Forecast Outturn and not on the Actual Approved for the previous year. Why an increase of £5,000 and not of £1,100.

HON A J CANEPA:

That is an error.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The arithmetic is right. The variation at the end column is the actual variation shown between the first two columns in this particular case £19,100 and £14,100. I mean that is a change we used to have in the past, a procedure whereby we showed the difference between the Approved Estimate the previous year and the Estimate of this year. I felt and the then Leader of the Opposition, who is now Chief Minister, agreed with me that it was better to show the difference between Forecast Outturn and Estimate.

HON A J CANEPA:

I still do not like the word outturn.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, but it is the correct word to use. I am a bit arrogant on that particular point. I think Honourable Members are clearly a little bit thrown out this year because the House is presented with what are mainly the Treasury Allocations. There are some curious arithmetical differences compared to what there would be, if for example, and heaven forbid, the Government accepted a whole of Departmental Bids so it is curiously than usual this year.

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

Sir, Head 6 - The Warden Structure has gone up by some £20,000. Is this because the number of Wardens has been increased or is it simply wage increases?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It has gone up by £20,000. If he is comparing the figure of £266,000 and £251,000 it has gone up by rather less. Nevertheless I agree that it has gone up.

HON A J CANEPA:

Items with wages have gone up by 10%, it seems to me above the norm.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes and there has also been an increase in the amount of the On-call Allowance following agreement with the Trade Unions.

HON A J CANEPA:

The previous Item, Mr Chairman, Centres: Running Costs. We have a similar situation where the Actual Expenditure in 1986/87 has been £11,000, Forecast Outturn £12,500, 1987/88 £18,500 were provided for and they have not yet been spent. The Government is coming back to the House for £18,500 now. Why? Is there in fact a need for it? What goes into the running cost of the Centres that will justify £18,500 which have not been spent.

HON CHIEF MINISTER:

Well Mr Chairman, they were not spent when the Honourable Member was on this side. The Department having failed to spend it under the previous administration tell us now that they are going to be able to spend it in the next twelve months. We ourselves have not agreed to anything. We have only agreed to what they are asking for which was the same, justified by obvious things like pay increases or price increases, that is the theme running throughout the Estimates.

HON A J CANEPA:

But is the Government satisfied with the requirement for £18,500, because if I were on that side and I was presented with these Draft Estimates, I would have asked exactly the same question. Why do you need £18,500?

HON CHIEF MINISTER:

I would submit to the Honourable Leader of the Opposition that he did not ask it because then he should have asked it in the Approved Estimate of £18,500 compared to an actual expenditure of £11,600 where the gap was even bigger.

HON A J CANEPA:

I probably did and I was fobbed off with some answer or other which I found unacceptable.

HON CHIEF MINISTER:

I will find out what the answer is and fob him off again.

HON LT COL E M BRITTO:

Mr Chairman, I am sorry to labour the point but it is the principle of it which I raised yesterday, that seven out of the eleven items under Other Charges follow the same pattern and it is the principle that my friend has been outlaying and which I have mentioned.....

HON A J CANEPA:

Here we have a Government that was telling us yesterday how cost conscious they are and there seems to be apparently some fat here to be pruned down and I would commend to them that they should do precisely that to see whether it can be pruned.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

To be fair and although I do not normally make political points, there was an election at the very end of March and the Government were faced with a problem in completing their scrutiny of Estimates within two weeks of being elected. A situation which I doubt very much any other Government, Sir, would ever be asked to confront.

HON A J CANEPA:

If we had won the Election, Mr Chairman, we would have come here within two weeks, we would have had to look at the Draft Estimates, they would have been a draft for everybody including the person who would have been Minister for Housing. The problem would have been the same. That is not a satisfactory answer although it is a political one.

HON LT COL E M BRITTO:

Mr Chairman, the principle involved, is that, if you have expenditure and the running cost of Centres is a difficult example. If you have expenditure which actually turns out to be for two consecutive years in the region of £12,000 and you have provided £18,500, the principle to me is that you should scrutinise and not come back with the same figure when the pattern of expenditure clearly shows that you are not going to spend that amount of money. If you look at those charges out of the eleven there are seven which follow the same pattern.

HON CHIEF MINISTER:

And the answer to that and all the others, Mr Chairman, is that for 23 out of the 24 months when this has been happening we have not been there. We have been there for only one out of the 24 months and in that one month that we have been there we have had to apply a rule and the rule was: "If the Department is coming along and asking for more money". "What do the Treasury consider to be justified"? The Treasury response is "We consider that if they said a year ago that they needed, forget whether they actually spent it or they did not spend it, £18,500 and they are now asking for £20,000 this year then we only give them £19,000, £18,500 plus x for inflation. If what they are asking for this year is the same as they asked

for last year "we do not cut". So we have only cut in all the areas where Departments were asking for more money than a year ago without a satisfactory explanation. We have not cut in the areas where the money they asked for was the same. The reason why we have not cut was because in the time that we had to take decisions, not having taken the same decision a year before, although what the Leader of the Opposition has said was that they would have also have had ten days, they would have had ten days to repeat what they had done for sixteen years already. We had ten days to look for the first time from the inside how the Estimates get put together before they arrive at the House. We have only seen them after they get here and we have asked the question that the Honourable Member is asking for from that side for the things that we could not understand. On taking Office we were told by the Administration "we had to come up with quick decisions because this had to be printed and provided to the Members opposite by the 14th of the month" so by the 14th of the month we had to take a policy decision on how do we get through £70,000,000 of expenditure, of which out of that £70,000,000, this is £18,000 and frankly, it does not mean that at the end of the year there are going to be £18,500 spent but I can promise the Honourable Member one thing that in a year's time there will not be a repeat of what happened in 1987/88 and in 1986/87, because in a year's time it will be our Budget.

HON LT COL E M BRITTO:

Mr Chairman, I welcome that last statement, because that is precisely what I am saying. I think the Honourable Chief Minister has explained the philosophy of the Government on how it has been made up and I accept his explanation. Now I put it to him that that is not adequate, it does not go far enough, because it is one thing to say that they have accepted the previous year's figures blindly and without examining them. Certainly if I had been on that side of the House, as my friend has said, I would not have accepted them and I am not talking about £18,000 I am talking about the principle of the whole Estimates. I would not have accepted last year's figures just like that as they have apparently done, without examining the very clear message in this particular Head and which comes up in other parts of the Estimates and which I will not go into. There could be room for cutting expenditure and quite clearly it is there and I have not had the benefit of the Honourable the Chief Minister's experience of seeing how the Estimates were made up. But having seen the final figures, there is a clear message that there is room for pruning and that is what I referred to yesterday when I talked about the accuracy of estimating the Estimates.

HON A J CANEPA:

Moreso given the point which the Chief Minister made yesterday and which I agree with wholeheartedly, that Heads of Departments will tell you that if they do not get what they are asking for the whole world is going to collapse round their ears and no doubt the same point has been made in respect of this particular Item. I am sure the Treasury Representatives have got the information. Could I please have a breakdown of the £18,500? What does it consist of?

HON J E PILCHER:

Mr Chairman, if I may just add one thing, because I think what the Honourable the Leader of the Opposition and the Honourable Mr Britto fail to understand, is that as a Government what we will do is we will monitor the bid before they go to the Treasury. I mean there is no reason why the Departmental Bids should not be monitored by the Ministers before they go to the Treasury. Therefore what we should be asking the Minister, the then Minister, why did he allow the £18,500 to be passed through at that stage.

MR CHAIRMAN:

One at a time please.

HON A J CANEPA:

The ex Minister is not responsible for these Estimates. Now you might say "ask the ex Minister whether he knows?" I am not interested whether he knows. I am interested whether Members opposite know and if they know what they are going to do about it.

HON CHIEF MINISTER:

Mr Chairman, in order to re-introduce order into the chaos and since the Honourable Member wants to know what it is for. I will tell him. The upkeep of the Centres which are the Transit Centres is the estimated cost of Water and Electricity for the year and it is based on assumed consumption rates which afterwards do not materialise. Why the department should keep on making the same assumptions at the end of the day I do not know. Clearly they have been doing so for years. But it does not make any difference because we cannot use the Electricity or the Water simply because we vote the money unless the people switch on and open the taps. There is no risk of the £18,500 being spent simply because we vote the money. Now I am sure there are rational answers to all the little differences that there are in the Estimates. We will certainly expect to be able to devote attention as a Government to saving large sums of money in large areas rather than looking at Electricity and Water bills. Although I think it is important that the details should not be forgotten.

HON LT COL E M BRITTO:

Mr Chairman, can I come back to something totally different, which again I mentioned yesterday, and I left it to this particular Head to ask the question. Although it is again a question, in principle, on the accountancy policy as a whole. The question is how many Items in the Other Charges include provision for wages and is there a reason why wages are not shown separately?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I cannot give the Honourable and Gallant Member an answer on

how many, Mr Chairman, it is a question of going through them all. Certainly a number of Items do include wages. My own view of this is that the way in which wages are included in some Heads and not included in others is a little bit less than desirable. I can only say to the Honourable Gallant Member that this is not simply an accounting matter, it was not something which the Treasury, for example, insisted on or even subscribed to. It was a policy of the previous administration and in particular, I think, one particular department which springs to mind is the Public Works Department which for reasons which the previous Minister might wish to explain if he were here. There are two aspects to this, one is the extent to which you functionalise your expenditure, like you show what particular function the various Items of Expenditure are performing and secondly the extent to which you separate your cost element, that is to say, wages, labour materials and so on. I am bound to say that the way in which the Estimate, at present, confuse these is not what I would think is desirable, but as I said, it has been a political or a matter of strong political aspect in the past. I have no doubt that this is something which the present administration will wish to give its own attention to.

HON LT COL E M BRITTO:

Mr Chairman, does that mean in effect that there will be a change and the wages will be shown separately next year.

HON CHIEF MINISTER:

When I used to ask that question from the other side, the explanation that I used to be given, was that there are difficulties in segregating the wage element in some instances where it is a small part of a total cost. So you might have, for example, things like cleaning and maintenance and they include wages as part of an overall thing. Generally speaking where the wages are shown totally separate it is because there is a big enough block, like for example, the Generating Station which was the one I remember that I was given at the time, if you have got the wages of the people who operate the engines, then you can allocate the entire wages for the whole year to the operation of the engine because you know they are there all the time, but you might have people who are employed in the maintenance of the Generating Station and ancillary things, where some of their time might be in Waterport and some of their time might be in King's Bastion, and some of it is shown as King's Bastion maintenance and some of it is shown as Waterport maintenance. It is not really a very accurate and absolute figure. It is an attempt to distribute the cost of one or the other. I certainly think that it is desirable to have at the very least a global picture of how much the wage cost in the department is and it might be possible to provide that to the Members of the Opposition, independent of the Estimates. That is to say, say to them, in this Head the total amount of wages distributed amongst different items is so much and that should help them to understand the situation.

HON LT COL E M BRITTO:

That, Mr Chairman, is the answer that occurred to me as the Hon Chief Minister started speaking. Additional to the

Estimates? It might could even be included as a footnote to the Estimates. The global figure for wages in the Department and not subdivided amongst the different items which I appreciate is a theoretical exercise.

HON A J CANEPA:

Sir, under Item 9 - Rent Relief, does the Minister for Housing have any proposals, is he giving any consideration to a review of the Rent Relief Scheme?

HON J L BALDACHINO:

Mr Chairman, at this stage we are not in a position to review the Rent Relief Scheme. I think the Honourable Member is referring to the formula.

HON A J CANEPA:

Yes, the formula and the application of that formula including the dwellings of the private sector.

HON J L BALDACHINO:

No, Mr Chairman, not at this stage, but I am prepared to look into it.

HON A J CANEPA:

Sir, I am a little bit concerned on Minor Works, where in a number of departments no provision has been made whatsoever. What is the Government thinking on the matter, are they reviewing the provision that the Departments would normally be asking for. Usually the Departments in total ask for much more than what can be done and there is a need to trim things down, but very many departments and Housing is one of them that give cause for some concern because no provision is being made for Minor Works whatsoever and we find that being a recurrent theme, what is the Government going to do about Minor Works generally?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am informed that in fact this is under Sub-head 62 of Public Works, in fact I did not even know we had sixtytwo subheads under Public Works, because of the amount being less than £10,000.

HON A J CANEPA:

Is that a new policy, that where the amount that would have been spent on Minor Works is less than £10,000 then you include it under Public Works?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Chairman.

HON A J CANEPA:

It is a previous policy.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is the policy of the previous administration.

HON A J CANEPA:

Does the new Government have any views on that? The whole principle of having an item of Minor Works under the Department concerned was to allow Departments to have control over the money because if it was all included under Public Works they could spend it as they wanted to. That is how we got the extension to the Montagu Bathing Establishment, this House never provided a single penny, it came out of what was not spent on other Departments because Public Works controlled it and they went ahead and did it. What are the Government going to do to prevent that sort of thing from happening?

HON CHIEF MINISTER:

I think that the whole question of the control of the Maintenance Vote is one that we will wish to re-examine during the course of this year. We are certainly decidedly unhappy about, for example, the amount that goes into the maintenance of Government housing and the lack of control by the Housing Department itself, where although the money is shown under the Housing Vote, in practice there is little decision by the Housing Manager as to priorities. We have, as Members opposite know, for many years urged from the Opposition benches to break up the vote and as a result Maintenance was included under individual Departments. We certainly want to see a situation where it may mean, in some instances, that people are actually working in Departments other than the Public Works depending on the nature of the maintenance. We might find that the Education functions better if they have got their own in-House Maintenance Gang rather than having the work being done by the Public Works. Our strategy would be that we should move to a situation where there is greater accountability and I think that is the essence of the question. So that either there is more of a contractual relationship between Public Works Department and the client Department like, for example, between the PSA and the Army, Navy and RAF where they actually bill the client Departments or we see whether it makes more sense administratively and from an industrial utilisation point of view to move groups of workers into departments. However this is at a very early thinking stage, we have not yet put pen to paper or put any ideas together.

HON A J CANEPA:

We wish the Honourable Member the best of luck.

HON J C PEREZ:

Mr Chairman, if I may, I think that yesterday in my contribution I said that at present what we find is that the Vote for the Maintenance of Buildings under the Public Works Department is in such a disorganised state, that requisitions come from different departments during the year without a works programme and it is impossible to work to a schedule. I said yesterday that I hoped to move next year to a situation whereby funds are allocated beforehand in the knowledge of what the works programme was going to be or in terms of priorities arising during the Financial Year and then re-allocating the money at the end of the year and showing it as a cost to the client department, rather than as a cost to the Public Works Department. This would leave the Public Works Department with only the maintenance of their own buildings and nothing else. That is the way we would like to move and it is something which the Honourable Member opposite knows I have been raising for the last four years during every Budget Session.

Other Charges was agreed to.

Head 13 - Income Tax Department

Personal Emoluments

HON P C MONTEGRIFFO:

Mr Chairman, bearing in mind the comments of the Principal Auditor, in particular to the inadequacy or the difficulty in tax collection in the various areas that he has highlighted, is it the intention to increase the complement of this Department by secondment during the course of this year or will this page appear the same next year?

HON CHIEF MINISTER:

No, the Government has got no plans to increase the complement as a means of collection. If the Honourable Member looks at the complement he will see that it is the same as the previous year and he will notice that there is a substantial number, something like 25% on a supernumerary basis, this was in fact the result of the previous administration's decision to increase the complement as a means of improving collection. The fact that we are still facing problems shows that it does not necessarily follow that more bodies will produce the results that we want. I think what we are examining is, in fact, as I have mentioned very briefly in my original intervention, the whole question of how we go about collecting and levying taxation. The changes that we hope to introduce during this year to improve the collection will not be aimed at increasing the incidence, that is to say we may finish up collecting more revenue simply because we collect more arrears. The policy of the Government at this stage is that the incidence of taxation should stay unchanged until we are clear whether we are in a position to raise it or we are in a position to lower it but the anticipated strategy is that we will be able to improve collection by carrying out changes which do not involve the use of more staff.



Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 14 - Judicial

(1) Supreme Court

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

HON A J CANEPA:

How did the van manage to get through the net, Mr Chairman?

HON J C PEREZ:

They tell us it is a revote from last year, so he must know how it managed to get through the net last year.

Special Expenditure was agreed to.

(2) Magistrates and Coroner's Courts

Personal Emoluments was agreed to.

Other Charges

HON P C MONTEGRIFFO:

Mr Chairman, on a general matter arising out of the question of the Magistrates Court and the Court structure generally. Is it Government's intention to reflect in next year's Estimates the often mentioned needs for a further court room? Is that part of the restructuring that would be seen within this department as well?

HON J E PILCHER:

Mr Chairman, we are looking across the board at all office accommodation in the Civil Service and that includes the Courts and the Police. The answer is yes we are looking at everything at this stage but at this moment obviously it is at a very primitive stage.

Other Charges was agreed to.

Head 15 - Labour and Social Security

Personal Emoluments

HON DR R G VALARINO:

Mr Chairman, on page 54, may I ask three questions please? Item 14 - Senior House Parents. Could the Honourable Minister let me know whether the House Parent has been recruited or has the post been advertised?

HON R MOR:

No, Mr Chairman, the Senior House Parent has not been recruited yet. The matter is in hand.

HON DR R G VALARINO:

Mr Chairman, when does he expect the post to be advertised, because at the moment there is somebody occupying the House where the House Parent should be living in.

HON R MOR:

Well Mr Chairman, I really do not know as I have said before the matter is in hand and it will follow its normal course.

HON DR R G VALARINO:

Mr Chairman, Item 17 - Manageress Occupational Therapy Centre. Has the Manageress been recruited? Has the vacancy been advertised?

HON R MOR:

No, Mr Chairman, the matter, again, is in hand and following the normal course.

HON DR R G VALARINO:

Thank you Mr Chairman, they are reviewing the situation. Item 10 - Messengers. Why is there an increase from two to three Messengers in 1988/89?

HON CHIEF MINISTER:

All I can tell the Honourable Member is that we have not approved any increase in the complement after the 25th March. If there is one more Messenger it is because he approved it when he was there.

HON DR R G VALARINO:

Then Mr Chairman, it would be shown in the 1987/88.

HON CHIEF MINISTER:

No because he might have approved it on the 25th March and the person might have started on the 1st April.

HON DR R G VALARINO:

I doubt that, Mr Chairman.

HON CHIEF MINISTER:

Well then, we will find out and come back and tell the House. Because there has been no increase in complement authorised by the new Government which was not already committed by the previous Government. I can tell the Honourable Member and

the House of that categorically. That was a policy decision taken on the 25th and therefore if he did not approve and we did not approve it, we will find out who did.

HON A J CANEPA:

Mr Chairman, will the Minister confirm whether the increase in the establishment under Industrial Training, the Instructional Officers Grade 1 from five to ten, are these people that we have taken over from GSL?

HON R MOR:

That is correct.

HON CHIEF MINISTER:

Mr Chairman, I understand the Messenger was approved in Council of Ministers early last year.

HON DR R G VALARINO:

Then it should be shown in 1987/88.

HON CHIEF MINISTER:

No, because presumably the 1987/88 is the Approved Estimate made in April of 1987. If they approved it in December they could not go back and reprint what had been printed nine months before. The Honourable Member should know that, I have no doubt that there are figures which are revisions carried out during the year and which will be shown under Personal Emoluments in the forecast outturn, but not in the Approved Estimate, and the complement figures compare, the Estimate this year with the Approved Estimate of this year and not with the forecast outturn.

HON DR R G VALARINO:

Personal Emoluments - Mr Chairman, on salaries. How many officers are attracting LO Leads?

HON CHIEF MINISTER:

Should that not be under the Medical Department?

HON R MOR:

Could the Honourable Member explain what LO Leads is?

HON DR R G VALARINO:

Mr Chairman, the Minister is showing his ignorance again. If he cares to check with his department, he will find that nine EOs attract LO Leads I and thirty AOs attract LO Lead II. I hope that by this afternoon he goes back and tries to find out what LO Leads are.

MR CHAIRMAN:

With respect for those who are not initiated, as myself, what does LO Leads mean?

HON DR R G VALARINO:

It is a special supplement to balance a Clerical Officer to that post in the United Kingdom.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

LO therefore means Local Officer. I think, this now begins to make sense to me. In the UK they used to have a Clerical Officer Grade carrying out all sorts of clerical functions and those in the DHSS, in particular, felt they should have more money because members of the public used to come in and sock them from time to time. They won more money and hence the change to Local Officer. They have a lead over the Clerical Officer.

HON DR R G VALARINO:

I have given the Honourable Minister the answer already.

HON J C PEREZ:

Why did you ask then?

HON DR R G VALARINO:

I just wanted to see whether the Honourable Minister knew.

HON J C PEREZ:

Did you not ask how many were receiving LO Leads?

HON DR R G VALARINO:

And I gave him the answer.

HON J C PEREZ:

How many are there?

HON DR R G VALARINO:

There are nine EOs who attract LO Lead I and thirty AOs who attract LO Lead II, but the Honourable Minister did not even know what LO Leads are.

HON CHIEF MINISTER:

Mr Chairman, let me put the Honourable Member at rest. The Government of Gibraltar today will expect much more of its Ministers than that they should know whether there are nine LO Leads or eight LO Leads or ten LO Leads. We think that that is not a political responsibility. Since nobody has attempted to increase the number of LO Leads, no political

decision has been required in this matter. It is exactly the same as it was before. We have explained the policy ad nauseum already, obviously we must have caught him in one of his napping periods when he did not get the message. The answer is that unless somebody has come to us for more money or more allowances or more wages than was previously provided, we have simply approved what was there already and we have not gone in detail throughout the £70,000,000 to find out exactly what was happening before under the previous administration. In a year's time we would have had an opportunity to examine in detail everything. That is the answer.

HON DR R G VALARINO:

Mr Chairman, on Personal Emoluments, now that we are not catching the Leader of the Opposition napping.

HON CHIEF MINISTER:

The Leader of the Opposition is on his side!!

HON DR R G VALARINO:

Mr Chairman, he has been so long on this side that I still consider him Leader of the Opposition. On overtime, Mr Chairman, would the Honourable Minister say why the overtime has come down, especially considering the constant pressure under which the whole of the department is working.

HON R MOR:

Mr Chairman, I think it just follows the 1987/88 Approved Estimate of £47,200 and this year we are approving £50,000.

HON CHIEF MINISTER:

We have approved what the department asked for.

HON DR R G VALARINO:

Mr Chairman, could he give me a breakdown of the overtime?

HON A J CANEPA:

I wonder Mr Chairman in order to make progress whether we could go on with Other Charges whilst the information is being sought.

MR CHAIRMAN:

Is the information available?

HON CHIEF MINISTER:

Well, presumably whoever included the figure of £50,000 knows how he arrived at it and if the Honourable Member considers it so important, we will get someone to provide a breakdown

and give it to him without he having to go to the department for a cup of coffee.

HON DR R G VALARINO:

Mr Chairman, it is a highly unsatisfactory state of affairs.

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Mr Chairman, I am a little bit puzzled. I do not know the answer why General and Office Expenses have gone down from £22,600 to £9,400, is there a compensating increase elsewhere under some other Item or is it a case of the apportionment of costs within the Haven having been allocated on a different basis.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I do not have the information at the moment.

HON DR R G VALARINO:

Mr Chairman, on Item 6 - Construction Industry Training Centre, could I have a breakdown on that one please? Item 9 - Accommodation of Labour, Mr Chairman, last year it was £620,000, this year it has been decreased. I would like to know the decrease?

HON R MOR:

Mr Chairman, as we have explained we are approving this year on the basis of last year's Approved Estimates.

MR CHAIRMAN:

Well there is a decrease that perhaps can be explained.

HON CHIEF MINISTER:

If you will allow me, Mr Chairman, the last column which shows variation, shows the variation between the results of 1987/88 and the Approved Estimate. That variation has nothing to do with any policy decision taken. That is following the established practice of the Estimates of last year where the variation was shown between the forecast outturn and the new Estimate. So the last column is simply the first minus the second. Now the first column has been arrived at by adding a percentage to the third column which was the amount approved by this House twelve months ago and in most cases there is very little difference between the Approved Estimate of last year and what we are asking the House to approve this year. Where there is a big difference is where there has been a policy decision to allow a substantial increase. The reason for this, which we have already explained is the one which will

lead to bigger supplementary appropriations having to be made during the next twelve months.

HON DR R G VALARINO:

Mr Chairman, in that case, can I have a breakdown of the Accommodation of Labour Vote.

HON CHIEF MINISTER:

We will get someone provide a breakdown of the £600,000 for the Honourable Member who is clearly taking more interest in his Department in this Budget than he has taken in all the years that he has been the Minister there.

HON DR R G VALARINO:

Mr Chairman, sarcasm will not get the Honourable the Chief Minister anywhere. On Item 14 - Mackintosh Homes Subventions. I think that it would be a good idea if this Item were to be included under the Treasury Vote on page 84 under General Subventions. I would be grateful for the Government's opinion.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the reason why this is under Labour and Social Security is because it is quite clearly a specified social need. The Treasury does tend to be something of a holdall for things which may not explicitly fulfil social needs such as the Gibraltar Heritage Trust, Gibraltar Shiprepair and other Items. I think that is the explanation, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, on Item 24, why is it necessary to have the cleaning of offices under a new subhead. Is this a Government policy decision?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That forms part of the explanation requested under subhead 2 by the Leader of the Opposition.

HON K B ANTHONY:

Why is it under a separate subhead this year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I understand that this was done after discussions between the Department and the Treasury. I am not quite sure why it was done, but obviously both parties thought it was a good thing. It does not conceal information from the House. I think it tends to reveal more than it did before. My own view on the matter is largely neutral. If it offends the Honourable Member opposite.....

HON K B ANTHONY:

It does not offend me in the least, Mr Chairman, I was just curious as to why it needed to be a new subhead and why it did not remain as before.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Although I have been doing this for many years I am still quite curious about a number of things myself.

HON DR R G VALARINO:

Mr Chairman, on this same subhead, Cleaning of Offices. Has the extra cleaner for the St Mary's Annex where the Family Care Unit are now working been recruited yet?

HON R MOR:

Mr Chairman no extra cleaner has yet been recruited.

HON J C PEREZ:

Mr Chairman, provision has been included but no decision has been taken yet by the new administration on whether to employ the extra cleaner or not.

HON P C MONTEGRIFFO:

Mr Chairman, whilst accepting the general explanation of the way the Estimates have been put together, based on the Treasury figures, and bearing in mind the Government's new policy is it necessary to vote money under the Construction Industry Training Centre and the GSL Training Centre? I imagine last year's funds, earmarked for GSL, were not exactly spent and will be reallocated or essentially will be going in some other direction.

HON CHIEF MINISTER:

Well I think basically we wish to vote the money to be able to pay them this month. If we are lucky and if everything comes out right and the legislation is ready, at best half of the money will not need to be used as intended. However as can be seen the earliest that we can expect the new Scheme to be operational, and that is being ambitious, is in October. So from April to September we will need to carry on as we are now. Obviously the hope and intention of the Government is that it will achieve the deadline of six months but we think it may be asking too much and we may in fact only be able to change it for the last three months of the year, therefore we may have to proceed in the same manner until the end of 1988 and introduce it in January, 1989. We are not really confident enough at this stage, to be able to say whether it is only required for three months or six months and it would have been a mistake to try and cut it down.

HON P C MONTEGRIFFO:

Sir, I thank the Honourable Chief Minister for that explanation. It does not however explain the increase for the GSL Training Centre, bearing in mind the proposed restructuring which will result in a smaller nucleus, at least on the shipping side. Does this increase reflect another type of training that is going to be undertaken or is it simply something that was in the Estimates.

HON CHIEF MINISTER:

No Mr Chairman, the increase, I would imagine, is probably due to the fact that last year it was not part of Government for a full year, it was taken over during the course of the year, I think, around October and probably the £26,000 is for something like seven months and the £41,000 is for twelve months. The running cost of the Training Centre have not altered at all from what they were and essentially what we are hoping to do, as a first stage, as soon as we can get the thing organised is to concentrate all the training in the area because there is spare capacity down there.

HON DR R G VALARINO:

Mr Chairman, if I may go back to subhead 12. Can I have a breakdown of Supplementary Benefits totalling £1,682,700.

HON CHIEF MINISTER:

I think perhaps what we can do is at Committee Stage give the Honourable Member all the breakdowns at once.

HON R MOR:

Mr Chairman, I can do that but it is a long list.

MR CHAIRMAN:

I think the answer is to give an undertaking that the Honourable Member will be submitting the information.

HON DR R G VALARINO:

Mr Chairman, what I want is the figures for Supplementary Benefits, Retirement Pensions and Elderly Persons Allowance. This has been asked in previous Budgets by the then Opposition. If the Hon Minister can give me that information I will be satisfied.

HON R MOR:

Right Mr Chairman, I will provide him with the information.

HON DR R G VALARINO:

Mr Chairman, under Subhead 19 - Office Furniture and Equipment, I note that only a figure of £400 has been included and

considering that the Family Care Unit have moved, there must be a tremendous need for extra furniture; could the Honourable Member tell me why the figure is so low?

HON R MOR:

Mr Chairman, if I may explain again, to last year's Approved Estimate we have simply added to take account of inflation.

HON DR R G VALARINO:

Mr Chairman, then because the Family Care Unit have now moved to another place, do I presume they are working without filing cabinets, desks, chairs etc?

HON R MOR:

Mr Chairman, they took some of the furniture and cabinets with them when they moved.

MR CHAIRMAN:

Any other matters on Other Charges?

HON R MOR:

Mr Chairman, if I may, the Honourable Member asked earlier for certain figures. These are:-

Supplementary Benefits	£953,810.00
Retirement Allowance	£ 43,576.68
Elderly Persons' Allowance	£685,251.40

HON DR R G VALARINO:

Thank you Sir.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if I may. Subhead 2 which the Leader of the Opposition quoted, my attention has been drawn to the footnote (b) at the bottom of the page and which states that: "Subheads 21 and 24 previously provided for under Subhead 2, so Official Visits Abroad features in the explanation for the apparent reduction.

Other Charges was agreed to.

Head 16 - Law Offices

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

HON A J CANEPA:

Sir it is somewhat perplexing to find that under special

Expenditure 1987/88 - Law Revision only £7,200 have been spent. I thought the Law Revision had been completed and a great deal more than that spent.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the Department certainly did not put in a bid for this.

HON A J CANEPA:

Does that mean the job has in fact been done for £7,200?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It would appear so. I must admit I am guessing.

HON A J CANEPA:

Perhaps an answer can be provided in due course, Mr Chairman. There is no hurry but I would like to have an answer because it is something that was started a couple of years ago.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We will see if we can provide an answer for him.

Special Expenditure was agreed to.

Head 17 - Police

Personal Emoluments

HON A J CANEPA:

Mr Chairman, there is a big increase included in Other Charges under Subhead 10 Traffic/Parking Control. I am somewhat puzzled by this. Is it provision for the employment of Traffic Wardens in the next Financial Year? If so I imagine they would be non-industrials and would be shown under Personal Emoluments.

HON CHIEF MINISTER:

There is no provision for Traffic Wardens, otherwise they would be shown under Personal Emoluments because they would have been non-industrials.

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

What is the reason for the big increase under Traffic/Parking Control?

HON A J CANEPA:

Mr Chairman, the Hon Member did not see the Draft Estimates when he was Minister, it is a genuine question.

MR CHAIRMAN:

Other Charges - Subhead 10 Traffic/Parking Control.

HON J E PILCHER:

Well the fact that Traffic Wardens have not been employed under the Police Department does not mean that the Traffic Wardens philosophy is not being proceeded with. It is being introduced under the guise of the Security Company, soon to be incorporated, and the money included in this Subhead will be used to pay the Security Company for their traffic services.

HON A J CANEPA:

Mr Chairman, the Government is setting up a Security Company. Part of the complement will be employed as Traffic Wardens and they will be paid out of this Subhead.

HON J E PILCHER:

Yes, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, Subhead 23 - Derelict Vehicles, why has the sum of £11,000 been included this year when no provision was included in previous years?

HON J E PILCHER:

Mr Chairman, under Subhead 10 previously Traffic Control included the removal of derelict vehicles and what has been done this year is included a new Subhead for Derelict Vehicles because it did not make sense to have the Subhead Traffic Control used for the removal of derelict vehicles. We have therefore added a new Subhead - Derelict Vehicles but the money was in fact included last year under Traffic Control.

HON LT COL E M BRITTO:

Mr Chairman, just a quick one, I am somewhat intrigued by the provision of Traffic Wardens in the Security Company. Is it the intention to use them for other services as well?

HON CHIEF MINISTER:

Mr Chairman, instead of the Government employing people directly and exclusively as Traffic Wardens, a Security Company will be contracted to carry out that work. The people will not be employed as Traffic Wardens by the Security Company they will be employed as Security Officers but part of their role will be to carry out the functions that would hypothetically have been carried out by Traffic Wardens had the Government decided to continue with the employment of Traffic Wardens.



HON J E PILCHER:

I would like to add that this has been discussed with the Commissioner of Police and has his agreement.

HON P C MONTEGRIFFO:

Is this one of the Venture Companies or will there be private involvement in this Security Company?

HON J E PILCHER:

This will be one of the Joint Venture Companies which will in fact be a joint venture with GSL but more information will be available in due course.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 18 - Port

Personal Emoluments was agreed to.

Other Charges

HON A J CANEPA:

Sir, Item 17 - Minor Works. The Department have every year submitted a list of items, some of them have been included for a decade and they have never got round to having them done. When Ministers scrutinised the Departmental Estimates a decision would then be taken as to what that money could be spent on. Could I have some information as to what those £15,000 of Minor Works are going to be spent on? I hope it is for some of the projects which the Captain of the Port has been asking for for about ten or eleven years.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, whilst that is being processed. I think the fact that it is £15,000 or an increase of £15,000 from nothing, and unless I am mistaken, it follows the formula I was explaining about of £10,000 being the cut-off point.

HON A J CANEPA:

Mr Chairman, it would previously have been included under Public Works?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, but obviously something must have been identified.

HON A J CANEPA:

It is information that after having been associated with this Department for about eight years, I am curious and I do genuinely want to know what are the items of Minor Works that are going to be carried out in this Department. If the

information cannot be provided this morning, I will be very happy if the Minister can send me a note at his convenience to inform me.

HON M A FEETHAM:

At the same time we will also be informing him about the other alterations which are going to take place during the course of the next few months when we have approved the funds.

Other Charges was agreed to.

Head 19 - Post Office, Savings Bank and Philatelic Bureau

(1) Post Office and Savings Bank

Personal Emoluments was agreed to.

Other Charges

HON P C MONTEGRIFFO:

Mr Chairman, again on a matter of general principle arising out of this Head. Is the future of the Savings Bank as appears to be set out in the Estimates here, guaranteed during the course of the year or will there be any form of relationship between the new Bank and the Savings Bank? And if so, I imagine that this year's vote is again simply a holding exercise till the....

HON CHIEF MINISTER:

It will be highly unlikely for any change to take place this year. It could take place in future years.

Other Charges was agreed to.

(2) Philatelic Bureau

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 20 - Prison

Personal Emoluments

HON K B ANTHONY:

Mr Chairman, under Overtime there is a vast increase from last year's Approved Estimate of £32,000. This year it is £74,200. Is there any particular reason for this?

HON J C PEREZ:

Yes Mr Chairman, it is basically because the Department has related it to the Forecast Outturn for 1987/88 which has been due to a substantial increase in inmates and this has

necessitated more overtime. It is expected that more or less the same level of overtime will be needed during this Financial Year.

HON A J CANEPA:

Has the Minister any plans on the staffing situation. Is he reviewing the matter?

HON J C PEREZ:

Well, Mr Chairman, we are looking at the proposals put by the Staff Side on the "Fresh Start" but that is being looked at by the Industrial Relations Office and the Staff Association and no decision has yet been taken.

HON K B ANTHONY:

Mr Chairman, Item D - Temporary Female Staff. Last year the Approved Estimate was £100 a nominal figure I imagine, and the Forecast Outturn is £43,300. Yet this year 1988/89 the sum is down to £5,500.

HON J C PEREZ:

Sorry I have not understood the Honourable Member.

HON K B ANTHONY:

From £100 in the Estimates last year, actuality was £43,300 in the Outturn and it is £5,500 this year.

HON CHIEF MINISTER:

I think the position with the Temporary Staff is that at the beginning of the year we do not know what is required and a nominal figure of £100 is included. Persons are not actually employed unless there are female prisoners and then Female Wardens are employed. Since we know already that there is a requirement we are able to put more than just a token figure of £100, however it could change quite dramatically during the course of the year.

HON A J CANEPA:

Assuming that no other females were to be sent to prison, the £5,500 is the provision that is required until the end of the sentence.

HON CHIEF MINISTER:

That is right.

HON K B ANTHONY:

Would it be true to say that last year there were more than one female warden?

HON CHIEF MINISTER:

Yes, you require four at least that is why it actually turns out to cost £43,000.

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, under Item 12 - Minor Works, an increase from last year of nearly £8,000. What does the Minor Works involve?

HON J C PEREZ:

Mr Chairman, I will obtain the information for the Honourable Member.

HON K B ANTHONY:

Fine.

HON LT COL E M BRITTO:

Mr Chairman, under Item 6 - Maintenance of Prisoners. Feeding basically?

HON J C PEREZ:

Yes, I believe so, we pay the Gibraltar Health Authority for the meals.

HON LT COL E M BRITTO:

I find it difficult to reconcile your previous comments on increased overtime because of more inmates with the reduction in the level of maintenance.

MR CHAIRMAN:

In other words more prisoners eating less.

HON CHIEF MINISTER:

Part of the new austerity.

MR CHAIRMAN:

Of course it could be that the Hospital is charging less for the meals.

HON LT COL E M BRITTO:

Mr Chairman, I do not want to delay proceedings unnecessarily.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I can explain now, again the presentation is perhaps causing difficulty here. There has not been, apart from the Temporary Female Staff, there has not been much difference or rather not much difference is forecast between the outturn for the year and 1987/88. Now what was expected was that a 48 hour week would be introduced. However this has not happened and accounts for the difference, in fact, between the Approved Estimate for 1987/88 and the Forecast Outturn. While it was thought that there would be less Overtime as a result of a 48 hour week this has not been the case. So in a sense the Estimates now reflect the reality of the situation. That being the case, it is not a question of there being more staff and fewer prisoners, there is not such a gross disparity as might appear.

Other Charges was agreed to,

Head 21 - Public Works

Personal Emoluments was agreed to.

Other Charges - General

HON M K FEATHERSTONE:

Under Item 5 - Unallocated Stores, £10,000 is I presume not a realistic figure it is the usual cockshy and hope for the best.

HON CHIEF MINISTER:

I mean the actual use of stores is £600,000. What we are doing is we are buying theoretically £610,000 and they are using £600,000 and spending only £10,000 for that reason because it is a replacement of existing stores as was done before.

HON M K FEATHERSTONE:

That figure is liable to variation throughout the year?

HON CHIEF MINISTER:

Well it would appear not. The Forecast Outturn is £10,000, no change on the budgetted amount.

HON M K FEATHERSTONE:

We do not believe that.

HON CHIEF MINISTER:

Well I never did either when I was there, so I am not surprised.

HON M K FEATHERSTONE:

Item 15 - Workers' Leave and Injury Pay, this has gone up very considerably, is there any specific reason for this?

HON J C PEREZ:

Yes Mr Chairman, there is, and that is because Easter falls within this Financial Year next year and therefore provision has to be made for leave in that respect.

HON CHIEF MINISTER:

Mr Chairman, on worker's sick leave, which the Hon Member has not questioned, we are, in fact, giving a very small increase on the figure that was provided this year. I regret that the ex-Minister for Labour who requested such detailed breakdowns, is not here to ask us for a breakdown of his own, because I would then have been able to tell him that he is responsible for a very high proportion of the sick certificates we have been getting in the Public Works Department. We have checked the figures for the last three months, ie January, February and March and if he is keen in having breakdowns, we are able to give him a breakdown of all the doctors that provide sick certificates, and he will see how prominent he features on the list. Of course, that was during the three months that he was in Government, we sincerely hope that now that he has more time on his hands, he will not become over-enthusiastic on the issue so that there is no need to come back for substantial supplementary funds.

MR CHAIRMAN:

Before we move to the next item let us take a vote on Other Charges-General, which is what we have called.

HON DR R G VALARINO:

Mr Chairman, I think what the Hon gentleman across the way said leaves much to be desired. In fact, I would like him to be able to provide me with this list, because it is very easy to make accusations, but another thing substantiate them....

HON A J CANEPA:

Mr Chairman, is it the practice of the House in Committee to discuss professional matters?

MR CHAIRMAN:

It is not a professional matter, I believe, it is most certainly a matter which affects the Estimates of Expenditure. The House is in Committee, and there is a fair amount of liberal interpretation.

HON CHIEF MINISTER:

We are giving an explanation of the money that the House is being asked to vote on sick leave. The policy of this Government, Mr Chairman, is that we believe in good employment practice, and we believe in providing generous sick leave arrangements for people who are genuinely sick. But we are concerned that people should look on sick leave as an opportunity to be given paid holidays, and it is a matter of concern to us as the Public Administration, and we understand that it was being abused before and are therefore scrutinising

the incidence of sick leave very closely and having asked for figures for the first three months of this year in this vote, we find that the Hon Member who was so keen to ask for breakdowns, is, in fact, prominent in being the supplier.

HON A J CANEPA:

I am not aware that anybody on this side of the House asked for information on the first three months of the year.

HON CHIEF MINISTER:

No, we are volunterring the information.

MR CHAIRMAN:

I think perhaps matters can be left as they are.

HON DR R G VALARINO:

No, Mr Chairman, matters cannot be left as they are, I wish to see the breakdown, if the Hon the Chief Minister will show it to me, because if not, I am afraid that we must face facts here, and we cannot tolerate lies.

HON CHIEF MINISTER:

We are prepared to make it public, Mr Chairman.

MR CHAIRMAN:

You have been asked for a breakdown.

HON CHIEF MINISTER:

Yes, we will issue it publicly.

HON DR R G VALARINO:

No, Mr Chairman, I do not want that, I said I wished to see it. I wish to see it. Because if you say it publicly, I might obviously have to take legal action.

MR CHAIRMAN:

Will you sit down please. It is very simple. The Hon Dr Reggie Valarino is asking you to provide the House with the breakdown. Is that right?

HON DR R G VALARINO:

Give me the breakdown.

MR CHAIRMAN:

Well, that is another matter, whether they want to give it personally or not, do you wish it ~~to be~~ stated in the House?

HON CHIEF MINISTER:

We are quite happy to provide information that we have been provided with. We have asked for the breakdown. We have been given a breakdown of how many of the certificates are provided by the Health Centre doctors and by individual private doctors, and we will provide him with the list we have been provided.

HON DR R G VALARINO:

Mr Chairman, I would first of all ask for a longer period than the three months that the Hon gentleman has said, in fact, he can include now this month as well if he has the figures. I would like to see those figures, to see how correct he is in what he is saying. I would like to see them, because the accusation was directly to me not to other members of the Opposition.

HON CHIEF MINISTER:

Mr Chairman, with a bit of luck, we may be able to provide them now. The total number of certificates issued in the period up to from the 1st of January to the 1st of April is 1039, of those 188 are from the Hon Member opposite, and 851 are from all those other doctors in Gibraltar and Morocco. We can give him a photocopy of the list and he can check the figures himself. So he has a very substantial percentage of them, shall we say, as an individual purveyor of certificates.

HON DR R G VALARINO:

Mr Chairman, that answer satisfies me, it clears my conscience, and I have no doubt, with my large practice, of that figure.

MR CHAIRMAN:

Very well we shall leave the matter as it stands.

Item 15 Workers Leave/Injury Pay was passed.

Item 24 HIGHWAYS - Maintenance/Improvements

HON M K FEATHERSTONE:

Sir, could we have, in due course, a list of the Improvements and Maintenance of Highways? Some kind of schedule as to the possible days when this is going to be done.

HON J C PEREZ:

Mr ~~Chairman~~, I will provide the information requested.

Item 24 ~~Highways~~ HIGHWAYS - Maintenance/Improvements was passed.

Items 32, 35, 38, 39 and 40 were passed.

Item 41 - PUBLIC TOILETS

HON M K FEATHERSTONE:

Sir, there is an increase of some 20% under Public Toilets?  
Are we going to have more toilets or what is going to happen?

MR CHAIRMAN:

Or are we going to have cleaner toilets?

HON J C PEREZ:

Mr Chairman, last year's approved complement has been increased by 6%. So there is no change there. Whilst I am at it the Hon Member raised yesterday the question of the disposal of refuse, where there was I believe, a decrease in the amount allocated and this is due to works on the Incinerator that were scheduled to take place on the recurrent expenditure, following the Haiste Report, it was found that the works that were needed were much more extensive and that the whole programme of works might have to come out of the Improvement and Development Fund. Although a bid was made to include this in the Improvement and Development Fund, those are one of the new items which are presently frozen and which needs consideration once the Budget is over. We ourselves are looking into various options being put to the Department for refuse disposal and we might decide either to move faster on an alternative method of refuse disposal, rather than spend something like £300,000 on repairs, which is a very temporary measure. So, that is the reason for the decrease mentioned by the Hon Member yesterday. However no decision has been taken whether to continue with the works scheduled at the end of the summer anyway, because we are looking at different options for refuse disposal.

HON M K FEATHERSTONE:

I thank the Hon Member for that information.

Item 41 - PUBLIC TOILETS was passed.

Items 42, 47, 51, 52, 53, 54, 55, 56 and 60 were passed.

Item 62 MAINTENANCE OF BUILDINGS - Offices and Buildings

HON K B ANTHONY:

Mr Chairman, there is an increase from last year's estimate of £644,200 to £826,500 an increase of £182,000.

HON J C PEREZ:

Yes Mr Chairman, as I have informed the House on two occasions already the Government has already said that it is very unhappy about the method used by the Department in

submitting bids because there are no costings for the works done, we also think the vote is wrongly allocated, and for all the other reasons I have already said. So I cannot give him a real explanation because the accountability of that vote, to tell you the truth, is something with which we are not happy about at all. I am not aware of how the Treasury considers this bid. What I can tell you is that I have always been unhappy about this vote during the last four years I was in Opposition, and that I continue to be extremely unhappy with this vote and the way the money is allocated at present. I promise that by next year something different will be happening in respect of this vote.

Item 62 - MAINTENANCE OF BUILDINGS - Offices and Buildings was passed.

Items 66, 67, 70 and 74 were passed.

SPECIAL EXPENDITURE

Item 80 was passed.

Item 81 - CITY PLAN

HON A J CANEPA:

Mr Chairman, the explanatory note says that in respect of the City Plan, the amount being sought for 1988/89 is a revote. I am very complexed in this sense that, the City Plan Exhibition was held at the beginning of November, and I am surprised that £8,000 are needed in this coming financial year. I would have thought that whatever payments were needed could have been made in the last year.

HON J C PEREZ:

Well, let me say, Mr Chairman, that some of the payments that needed to be made have not been made yet and that a certain amount of money was earmarked to produce more copies of the City Plan. The Department had originally wanted to arrange to have the documents produced in the United Kingdom. However this was, I believe, turned down by the Treasury and they opted to produce the copies in Gibraltar which they are selling for a nominal fee at present. As it happens part of that money might not now be used because we need to look again at the City Plan taking into account the development plans of the new Government. So it is not worth proceeding with the plan that is presently available. The money might become useful once the new City Plan is prepared.

Item 81 was passed.

Item 82 was passed.

Head 22 - TELEPHONE SERVICE

Personal Emoluments

HON K B ANTHONY:

We have this vast increase of £10,000 under Allowances.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The increase of allowances compared with the approved estimates is not very large. I think the case is that, they did not spend as much in 1987/88 as they thought they would in this buoyant expanding enterprise and the expectation is that a comparable amount will be spent next year. There are fluctuations as with the Municipal Services depending on demand and supply.

HON K B ANTHONY:

It is just that I felt that a 10% increase was slightly higher than normal.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On the face of it yes, but not grossly and in respect of the telephone service it is not exceptional.

HON A J CANEPA:

Sir, presumably the Government will have to come at some stage for a supplementary to reimburse the telephone trunk operators, because obviously there was provision for them in the last Financial Year, but that money would not have been used in the last Financial Year if they were not paid by the Government. However there is not a provision here for the reimbursement, and therefore the Government will have to come for a supplementary at some stage, when funds run out.

HON CHIEF MINISTER:

When funds run out, if we need the money then clearly we shall have to vote extra money. There are however a wide variety of outstanding claims not just on the question of reimbursements of monies deducted over the last three years, but on claims on upbandings and upgradings and all that and that is being taken into account in this Estimates in the provisions that we have made. We have not wanted to specify because quite obviously we do not want to put how much money we are prepared, as a Government, to put up in a negotiation before the negotiation has started. However within the amount of money that we are providing for the pay review, we have included a sum, which we do not want to say how much it is, to take care of claims that are in the pipeline.

HON A J CANEPA:

The reimbursement of the Telephone Trunk Operators would not come under the sum allocated for the pay review?

HON CHIEF MINISTER:

Yes, because as far as the Government is concerned, it is one more outstanding claim. We have something like 50 outstanding claims to meet. Of those 50 perhaps, 30 might be claims on reimbursements, for example, the plumbers, in the PWD Water Section concerning tool allowance a couple of months ago. Now, there is in the Public Works Department an amount of money which already includes provision for wages. Whether that is enough or not is not known, whether the increased wages as the result of the increased pay review this year will be enough, is not known, but if it is, then there will be no need for anything extra. So all those claims are being treated by the Industrial Relations Office, as claims which are outstanding with the Union, and there is now a process of negotiation taking place, and what we have got available is a sum of money to take care of all claims included in the Pay Review.

HON P C MONTEGRIFFO:

Mr Chairman, do I understand then that there is not a separate and specific commitment to reimburse those funds separate from the whole negotiations. It is all one global negotiation as far as the Government is concerned.

HON CHIEF MINISTER:

No Sir, there is a commitment of the Government to, first of all, not to put people off pay from now on, right, and there is a commitment on the Government to meet the claims for the restoration of all deductions that have been made since 1985 in all areas. The Government will also expedite and look sympathetically at all the outstanding claims that we have in the pipeline in all areas. The approximate cost of this, which we are not prepared to disclose, because we do not think it is a good idea, has also been included under this vote.

HON A J CANEPA:

I can understand that, but is it a proper charge today to the Head of a Pay Settlement which has always been seen by this House as being the sum which is going to be vired from that Head, we are going to vire, to all the Departments in respect of the 1988/89, Settlement of Wages and Salaries following the principle of parity with the United Kingdom. That has been the case all along for that separate Head, is it a proper charge to meet all these claims going back to 1985 from that total figure?

HON CHIEF MINISTER:

The policy of the Government is that this is how the Industrial Relations Department will work as from now. That is to say, they will know at the beginning of the year that they have a sum of money with which to negotiate, and the Government will obviously like the Department to negotiate well within that



figure and not have to spend the whole of the amount. Essentially the whole machinery of the relationship between the employing departments and the Union representing the employees, is being shifted to the Industrial Relations Office, which will be responsible for a greater degree of management and will have a far greater degree of freedom to negotiate. As from this year the figure of the Pay Review will be for the Review of Salaries and Wages inclusive of up-grading claims and all the rest of it.

HON P C MONTEGRIFFO:

Mr Chairman, for clarification, I think I have understood it, the Chief Minister will correct me otherwise, as far as the re-payments are concerned, there is a quantifiable specific figure which is no mystery or secret, because those who are due to receive it will know the figure exactly, but the balance of the figure is, in fact, what is left over for everything else.

HON CHIEF MINISTER:

We have an estimate ourselves of the figure, in fact, it is not 100% accurate, because the whole period that we are talking about was a period when different people were taken off pay for different reasons, and there was not coherent, in some instances people were taken off pay for one particular reason, and in another instance the same thing happened and people were not taken off pay. We have situations where people were actually given a court injunction prohibiting them from entering, for example, and yet the labourers with those people were at work but unpaid. Whereas six months later, the labourers were sent home with the craftsmen and not paid. We have people who have had allowances taken off rather than pay. We do not have an exact figure, we have an order of costs, that order of costs is there. The claims outstanding for reimbursement have not been quantified by the Union making the claims.

HON A J CANEPA:

Mr Chairman, in view of the fact that we are not going to receive separate information of the amount involved in reimbursement means that the figure is going to be hidden away in the provision for the overall Pay Settlement, in view of this we will be abstaining under Personal Emoluments - Telephone Service in respect of the amount that would be attributed to the Telephone Trunk Operators.

The Opposition abstained.

Item 1 PERSONAL EMOLUMENTS was passed

Other Charges.

HON K B ANTHONY:

Mr Chairman, under Item 8 - Training of Apprentices, from last

year's estimates of £8900 to £3300. Is this a cutback on apprentices in the Telephone Department?

HON J C PEREZ:

Mr Chairman, that was the Department's figure. They have less apprentices.

HON K B ANTHONY:

Mr Chairman, in view of the importance placed by the Government on training of youths? Is this a good policy to maintain, a cut-back on the number of apprentices?

HON J C PEREZ:

Yes, Mr Chairman, we are reviewing the whole concept of apprenticeship in relation to our own ideas on training and employment and the setting up of the Training and Employment Board. So that there will be an input as well from the Telephone Department or from the Gibraltar Government generally into what trades need to be trained within the Youth and Employment Board. Telecommunications will be an area to be given priority. Now, in respect of the delays in connections you do not necessarily need to train apprentices to full telemechanic status to improve the situation and as I mentioned yesterday in my contribution we will be looking at the matter in a different light to increase substantially the number of connections per week which at present is relatively low to the number of applicants.

HON K B ANTHONY:

Mr Chairman, with regard to Item 13, I notice there is reduction in the sum for Visits Abroad which is contrary to most Departments who seem to increase their vote.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

They had a lot in 1987/88 because of the involvement with British Telecom.

Other Charges was passed.

MR CHAIRMAN:

Now before we call the next Head I understand that the Hon the Chief Minister was hoping to get through the Actual Estimates of Expenditure and up to the Improvement and Development Fund. I have had a word with the Leader of the Opposition and I understand that there are extensive questions to be asked on some of the Heads. Is that correct Mr Canepa?

HON A J CANEPA:

Notably on Tourism and on the Treasury indeed where there are vast sums of money involving GSL and so on. I do not think we can get very much further now, Mr Chairman.

HON J BOSSANO:

Mr Chairman, perhaps we might stop at this stage now and we carry on with the Estimates when we come back to the House. I will therefore move the adjournment of the House until the 16 June 1988.

THURSDAY THE 16TH JUNE, 1988

The House resumed at 10.40 am.

PRESENT:

Mr Speaker . . . . . (In the Chair  
(The Hon Sir Alfred J Vasquez CBE, QC, MA)

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for GSL and Tourism  
The Hon J L Baldachino - Minister for Housing  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon Miss M I Montegriffo - Minister for Medical Services and Sport  
The Hon R Mor - Minister for Labour and Social Security  
The Hon J L Moss - Minister for Education, Culture and Youth Affairs  
The Hon E Thistlethwaite QC - Attorney-General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition  
The Hon P C Montegriffo  
The Hon M K Featherstone OBE  
The Hon Dr R G Valarino  
The Hon G Mascarenhas  
The Hon Lt-Col E M Britto OBE, ED  
The Hon K B Anthony

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

HEAD 23 - TOURISM - MAIN OFFICE - PERSONAL EMOLUMENTS

Item 1 PERSONAL EMOLUMENTS was passed.

Item 2 Other Charges

HON P C MONTEGRIFFO:

May I raise the question of furniture equipment. There seems to be a decrease there, is there any reason for that? Is it that last year there was an increase in expenditure and for some odd reason this year we are holding back or what? I would have thought that a similar vote would be in order, is there some special reason?

HON J E PILCHER:

Mr Chairman, there is a reason, the reason being that last year there was some special expenditure on some items of furniture based on the Airport Refurbishment and a couple of other things that had to be done. So there was a Special Bid last year, I think this year shows just the normal vote related to what we feel we need for this year.

Item 2 OTHER CHARGES was passed.

LONDON OFFICE - PERSONAL EMOLUMENTS

HON CHIEF MINISTER:

May I perhaps take the opportunity to say that the thinking of the Government on the London Office is that it should become the Gibraltar Government Information Office in London, and not simply the Tourist Information Office and we hope to change this during the course of the year. So that by next year this item will not appear under the Tourist Office Vote. The office in London will still be responsible for providing information on tourist related matters but it will also be engaged in promoting Financial Centre activities and the attraction of Gibraltar as a place in which to invest money. It will also provide information eg on our relationship with the European Community, labour permits, residential requirements, and that kind of thing which, in fact, in practice I am told the Tourist Office is doing de factor. Whenever anybody turns up at the counter and wants to know something about Gibraltar which is not necessarily a question on tourism they do not just send them away, they try and help them as best they can. However at the moment, first of all they are not really charged for doing that job, and

secondly they are not being provided with the necessary material and backup. So, what we are hoping to do is to provide a series of brochures, in consultation with different sections of the local business community, eg the promotion of shipping related activities, like ship administration, shiprepairing and so forth. The Office in London would have as a backup machinery the necessary information on a wide variety of things. We think that would give us a better return for the money that we are spending in the Office because we expect to be able to carry-out a wider range of information services without spending any more money. It will however not be seen exclusively as a cost of promoting tourism. So, what will probably be the case next year is, that this item will probably come under the General Division Vote. There might be a charge made to the Tourist Office, for one officer at the office.

HON G MASCARENHAS:

Will there be an increase of staff, or a decrease of staff? Taking into account what the Chief Minister has just said?

HON CHIEF MINISTER:

No, no, at this stage what we are planning is to try and do the job with the same number of people and within the same budget. However we are not at the sufficiently advanced stage to be really able to say whether this is going to be possible or not, but the objective of the Government is to try and do it without any increase in expenditure.

LONDON OFFICE - PERSONAL EMOLUMENTS was passed.

LONDON OFFICE - OTHER CHARGES

HON P C MONTEGRIFFO:

Mr Chairman, a small point, on the promotional side, there is a decrease in the vote there. Is this a reflection of a change of policy on tourist promotional literature generally or does it reflect some other factor, which perhaps the Hon Minister will explain.

HON J E PILCHER:

Mr Chairman, we are still basing ourselves on the Treasury allocation, that is what the Treasury allocated and it does not reflect in any way the new policy of the Government which will be reflected in next year's budget and not in this year's budget.

LONDON OFFICE - OTHER CHARGES was passed.

Head 24 - TRADING STANDARDS AND CONSUMER PROTECTION - PERSONAL EMOLUMENTS was passed.

Item 2 - OTHER CHARGES was passed.

HEAD 25 - TREASURY - PERSONAL EMOLUMENTS

HON P C MONTEGRIFFO:

Mr Speaker, generally on Treasury and in particular on the Financial Sector Office there is no increase in these Estimates for personnel at all, and I wonder whether bearing in mind the developments recently in relation to Barlow Clowes whether the Government has thought of the possibility of increasing the staff at the Financial Sector Office particularly as it is known that extensive legislation to police the Finance Centre generally and to supervise it is in the offing and there is nothing worse than legislation which cannot be effectively enforced. Is the Government looking into the revision of the staff employed in this Department?

HON M A FEETHAM:

Mr Speaker, obviously the Government's declared policy is, in fact, to support the Financial Sector and the development of Gibraltar as an International Financial Services Industry in its wider context. However, at present, Government is looking at the legislation which is in the pipeline in terms of the update of the Companies Ordinance and other related factors. We are also looking at the question of the Financial Services Act and to introduce legislation of a similar status for Gibraltar, so that we look after our own interests in that respect, and also of course, the question of Building Societies. Therefore, clearly even at this early stage, Government is already considering to have this legislation updated and introduced, will require supervision and will obviously require extra staff. However before we make a decision at this stage, of enlarging the Financial Sector Office, we want to know what the consequences of this legislation are. We are pre planning this and this will be reflected in the staffing arrangements which will be taking place in the Financial Sector Office in due course.

HON P C MONTEGRIFFO:

Mr Chairman, I am grateful to the Hon Minister for the information. The only thing I would say is that my understanding now is that even without the supervisory legislation which is being envisaged, the whole operation of Finance Sector Office is very much under strain, and that even if no extra policing were to be introduced that there would be an arguable case for an increase of staff there to make the whole operation much more workable.

HON M A FEETHAM:

Yes, this Government is aware that it has inherited this situation and obviously the new Government is cautious that in wanting to do the right thing for the Financial Sector that the requirements of staffing must be looked not in the short

term, but must be looked in the long term, and obviously as members opposite are fully aware there are other problems which are very much related with the Financial Sector Office. Such as the question of drafting of legislation which is normally undertaken by the Attorney General's Office, but because of the limited expertise which has been provided in the past, it is now being undertaken by the Financial Sector Adviser. Now, all these things are being looked at and I can assure Members opposite that the Government will be taking the necessary steps to give the necessary backup support in line with its policy to support the Financial Sector industry in Gibraltar.

HON CHIEF MINISTER:

Mr Chairman, perhaps I should let the Hon Members know that in the context of the restructuring exercise that we mentioned earlier, one of the things currently being discussed with the Unions, is the creation of a pool of Clerical Officers and Typists and so forth, who could be deployed where there was a sudden surge of work but which might not necessarily be permanent. Apart from the question which my colleague has answered at the level of professional people, there appears to be occasions where Departments do not even have a typist, and this part is being looked at on the basis of providing people from this central pool.

PERSONAL EMOLUMENTS was passed.

OTHER CHARGES

HON A J CANEPA:

Mr Chairman, I do not know whether it is appropriate at this junction since perhaps due to an oversight on our part we have not congratulated you before on the award of the Knighthood in the Queen's Birthday Honours List. We do so wholeheartedly from this side of the House. I think your many years of loyal dedicated service to this House have really made the conferment of this Honour quite opportune. We would also ask you, Sir, to convey our best wishes to Lady Vasquez, who has been a tower of strength and has supported you over the years and also our best wishes to her for a prompt and quick recovery from her operation. Perhaps at this junction we might also, on behalf of the Opposition, extend a welcome to the new Clerk of the House. I am very glad to see Mr Clive Coom in the chair.

MR CHAIRMAN:

May I thank you all for your kind words and also for the letters of congratulations to my wife which I have been receiving. It is a great source of satisfaction when one does one's job for the purpose of serving our community and also has the satisfaction to be recognised in this manner and I feel sure that the honour that has been bestowed upon me has also been bestowed on the people of Gibraltar, because after all we are all one big family and everything that one does or the community does, reflects on the whole of Gibraltar. So may I thank you all.

Item 2 to 5 were passed.

Item 6 - COURSE OF TRAINING

HON LT COL E M BRITTO:

Mr Chairman, we notice that there is an increase of 50% under the provision for 1988/89. Could we have some details?

HON FINANANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, this is for the training cost of motor car examiners which used to be met from ODA Technical Aid.

Item 6 was passed.

Item 7 to 14 were passed.

HON LT COL E M BRITTO:

Sir, Item 15, Printing and Stationery, there is a substantial increase in that vote of well over 50%. Could we have some explanations from the Government as for the reasons behind this.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

This is an exceptional item, Mr Chairman, we have at this particular juncture or rather we are making provisions this year for the buying of bingo books. As Hon Members will be aware, these have to be specially printed because they carry the Government Tax Stamp and are only printed at relatively infrequent intervals. That accounts for about £20,000 and I think there are also some Government Receipt Books which are also subject to the same periodic printing.

Item 15 was passed.

Items 16 to 24 were passed.

HON LT COL E M BRITTO:

Sir, on Item 25 - Publications / Promotions, there is an increase of over £100,000 here and I am surprised, quite honestly, that there is no explanatory note. I do not know whether this appeared under a different Head previously.

HON CHIEF MINISTER:

No, Mr Chairman, the position is that as the Government announced shortly after taking office and as I mentioned during the general principals of the Bill at the previous meeting of the House, the Government is substantially increasing the amount of money that is being spent in promoting Gibraltar. It is part of the Government policy that more money should be spent in promoting Gibraltar and this is

to pay basically for expenses that may arise in connection with trips that Ministers may make, like for example the trip to the Posedonia Fair. It is something that is not being done by the commercial organisation, it is being done by the Government Minister, then should be met from this vote. Equally it is to meet expenses of persons we may have invited from UK, for example I had a visit from some Japanese investors yesterday, which lasted only two hours and it did not involve any cost, but had they required some sort of hospitality from the Government, it would also come from this promotion vote. Let me say that the Government considers this to be a very worthwhile investment which will be reflected in the rate of investment into the Gibraltar economy and the rate of growth and therefore the figure here is one that if we find during the course of the year is insufficient we will come back and seek supplementary provision.

HON LT COL E M BRITTO:

Is there likely to be an overlap between Subheads 24 and 25 and is it the intention of distinguishing between them?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Item 24 refers, of course, to the Treasury staff, such as myself or the Financial Sector Adviser.

Item 25 was passed.

Items 26 and 27 were passed.

SUBVENTIONS

Items 50 - 54 were passed.

HON P C MONTEGRIFFO:

On Item 55, which is the contribution on International Telecommunication Fund of £1½ million, what exactly is the money for?

HON J C PEREZ:

Mr Chairman, that is the estimated contribution, approved by the previous Government, of the Gibraltar Government to the Gibtel operation. Now as I have already said on previous occasions, this apart from other things, is the subject of further negotiations with British Telecom, and I shall restate what I have said in the past, that I am not yet in a position to make a statement, however once all my discussions with British Telecom are finalised, I shall make a statement explaining everything that has happened since the 24th March.

HON P C MONTEGRIFFO:

Mr Chairman, am I to understand that this figure is still a tentative figure whilst negotiations are pending?

HON CHIEF MINISTER:

This figure, as far as the Government is concerned, is the ceiling and that is the figure that was originally in the Treasury Allocation and that figure has not been altered in any way by the Government. The Government's view is that the figure should if anything be lower.

HON P C MONTEGRIFFO:

Mr Speaker, I am just as confused. Our understanding has been that on this figure generally and on the whole matter, that there has been finality and normalisation according to reports in the press.

HON J C PEREZ:

What has that have to do with this figure?

HON P C MONTEGRIFFO:

Well, I assume it is part and parcel of the one package? Or is it two matters and there is finality on one area but not on the other?

HON CHIEF MINISTER:

The position, Mr Chairman, is that the relationship between Gibtel and its workforce has we understand, been normalised. Now, there is a different relationship, which is the one we are answerable for in the House, not the relationship between Gibtel workforce, but the relationship Government/British Telecom and that relationship concerns the respective responsibilities and contributions of the two partners that make up Gibtel as well as the relationship Government and the previous operator ie Cable & Wireless. Now, that relationship is still not finalised, and the figure that we have in the Estimates is the figure that was agreed by the previous administration. That agreement is still in existence, we have already put British Telecom on notice that that requires renegotiation and we are in that process.

HON P C MONTEGRIFFO:

I am grateful for this clarification. The only confusion that is still in my mind is that why then a public statement on the relationship between Gibtel and the workers side is not possible?

HON CHIEF MINISTER:

Mr Chairman, the Government will give a full statement of the situation it found on the 25th March, of Agreements signed by the previous administration which were not made public, of the conflict between the contents of those Agreements and the public statements that were made at the time and we will publish the Agreements so that people can judge for themselves.

and we will publish the Agreement with British Telecom once British Telecom agrees to release us from the secrecy clause included in that Agreement by the previous administration. Now, the nature of the Agreement between Gibtel and its workforce is not something that is the responsibility of the Government because we are 50% shareholders and in fact, it is not the practice as the previous administration knows full well from three years of running Gibrepair to make public, Agreements signed by Employers and Employees even if the shareholders are the Government. So the nature of the Agreement between the Company and the workforce is a matter for the Company or the Union to make public. The nature of the Agreement between the Government and the Company, is a matter which we are to answer for in this House and to the people because that is what the money we are voting for is about. The money that we are voting at the moment is of £1½ million, that the previous administration agreed should go into the Special Fund which was created by the previous administration on the 31st December, 1987. That figure has not been altered one penny by us yet, because we have not yet finalised the negotiations on the terms of the Shareholders Agreement, which we are not happy with, and which we have notified British Telecom that we are not happy with and which we want to change. When that is finalised, a complete history of where we started and where we finished will be given.

HON P C MONTEGRIFFO:

Mr Chairman, if you will allow me, frankly I am thoroughly confused. My understanding is that from day one when this Government took office, there was going to be a full public statement on the redundancy situation on how the redundancy problem was going to be sorted out. That was my understanding and I think the understanding of the man in the street. I think I have understood now that you are drawing a distinction between that issue which I think the Hon Chief Minister was saying, the Government is answerable for in this House and the relationship as Shareholder with British Telecom, on which the Government is prepared to make a statement. If that is the distinction to be drawn Sir, I think it is completely scandalous distinction because the public had been led to believe that we would have a public statement. Was it in good faith or was it just electioneering?

HON CHIEF MINISTER:

I think the Hon Member is concerned about electioneering and not just concerned about good faith.....

HON P C MONTEGRIFFO:

My impression, Mr Chairman, has been that we would have a public statement particularly on the question of redundancies which was the public issue that attracted so much attention, that in all honesty was my impression, Sir, and if a new distinction has been drawn I think it is totally unfair.

HON CHIEF MINISTER:

I think what is scandalous, Mr Chairman is that one has to repeat the same thing three times and the Hon Member opposite still does not understand it.

HON P C MONTEGRIFFO:

I must.....

MR CHAIRMAN:

Order, order.

HON CHIEF MINISTER:

I will explain it for the fourth time. There is an Agreement signed between ACTSS and Gibtel. That Agreement involves the workforce taking up employment with effect from the 1st January, 1988. There are a number of clauses in that Agreement and that is a matter for the parties that have signed the Agreement. The reason why there was no Agreement before, is related to the nature of the position we inherited, where on the 25th March there was a situation where Gibtel was in existence, but the Company existed with £1,000, borrowed from the Government of which the Hon Member may know nothing, but of which we will give full details of when the time comes and an Agreement with Cable and Wireless, which left us with five days within which to take action, two of which were a weekend. Now, clearly when all this is explained, people will understand why there was such a deadlock between the Union and the Company and the redundancies, and why it was impossible for anybody to move. We have been therefore trying to use our good offices, as a Government and as a shareholder to get Gibtel and the Union to reach an Agreement. Because it is in Gibraltar's interests to arrive at a settlement. Independent of this problem we have been trying to reach a final agreement with Cable & Wireless on the one hand and a separate agreement with Gibtel on the other hand. This part is still not finalised because new aspects keep arising which we knew nothing about. For example, I can tell the Honourable Members opposite that yesterday, for the first time, I discovered something new which Cable & Wireless allege they told the previous administration on the 22nd February and which alters the position and I have had to ask the Attorney-General to look into because it is news to us. We are certainly not going to make any public statements just to satisfy the Hon Member opposite, who appears to be scandalised at the drop of a hat, and prejudice our negotiating position with British Telecom. Because what we want to do is make sure we end up with a situation that does not cost us money. Which I am sure is what the Opposition want us to do. The Opposition Member responsible for telecommunication whenever he has been interviewed has said that if the Government can do a deal which at the end of the day settles the problem without costing the taxpayer money, then he is quite happy. Well



that is what we are trying to achieve, and at the end of the day, if we do achieve it, we will come back and explain how we have achieved it. If we are not able to achieve this we will come back and explain what we tried to do and why we were unable to do it. We have nothing to hide.

MR CHAIRMAN:

If you wish to say anything please do so, but we are certainly not going to debate the whole issue.

HON P C MONTEGRIFFO:

The only thing I wish to say is that I do not think that by raising his voice he convinces me any better than before. My understanding is that if there is finality on the redundancies and we have had Union representation coming out saying 'we are getting our money' and there are Press Reports that the Government has neither denied nor confirmed that the payment is in fact being met by the Government side and now the Hon Chief Minister is telling me that that side of the equation is finished, I do not think.....

MR CHAIRMAN:

No, no, I think the Hon Chief Minister has said that in due course a statement will be made, and then you will find out.

HON P C MONTEGRIFFO:

Sir, if the Chief Minister can confirm that the statement will include the terms of settlement of the redundancy dispute, then I am happy.

HON CHIEF MINISTER:

I have already said that it is not a question of the terms of settlement of the redundancy dispute. The redundancy dispute is with Cable & Wireless. It has nothing to do with the Government, except that it was a situation perpetuated by the previous administration who actually signed an agreement on the 27th December, when people had already been taking industrial action for two months. This situation was allowed to continue unchanged until the GSLP came into power on the 25th March. However between the 1st January and the 25th March nothing has happened. Nothing had been done to move the situation. The whole thing was in a total impasse with no more being made. We took the matter on immediately we came into office and we discovered that there were all sorts of limitations on what could be done, which had not been made public before, the previous Minister is quoted publicly, which he has not denied, 'that he had a final card up his sleeve which the AACR Government would play to make sure that the workforce would get their redundancy payment from Cable and Wireless'. The previous Minister advised them to use the Hon Member's Chambers to sue Cable & Wireless. Now, that is the position we found, and we looked at the

legal implications. We sought advice from the Financial and Development Secretary and the Attorney-General to find out how far we could move and to what extent we were hampered by existing legal constraints in trying to achieve a settlement. But as I informed the Hon Member yesterday something new was brought to my notice yesterday which for all I know may undo all the work we have done so far. We may also find out that next week even the Agreement that Gibtel made with the Union may have gone down the hole because of this since it totally changes the picture completely. Now, what we are saying to the Opposition is, that we are asking them to vote for £1½m, which is the £1½m that they put there when they were in office, like we are going with every other Head. Nothing more. When we come and we ask people for money that is our responsibility, because it is as a result of our policies, then we will give all the explanations that are required.

MR CHAIRMAN:

Right we will leave it at that. Any other matter under Subventions?

HON M K FEATHERSTONE:

On Item 56 Sir. When the Gibraltar Health Authority was set up, I was asked how the money was going to be raised and I said it would be through a subvention. I also promised that I would provide a list of how the subvention was made up. I find it regrettable that this has not been done but to show our good faith and our confidence in the Gibraltar Health Authority, we will be voting in favour.

Items 55 and 56 were passed.

SPECIAL EXPENDITURE

HON A J CANEPA:

Mr Chairman, Item 82 - Gibraltar Shiprepair Ltd. The £3m subvention for Gibrepair. How does the Hon Minister see the requirement for this money in the light of the information that he has been able to obtain about the state of the Yard in the last two and a half months and in the light of the policy that he is pursuing?

HON J E PILCHER:

Mr Chairman, the £3m which we are asking the House to vote, is a sum of money which will be used not directly by the Gibraltar Shiprepair Ltd, as a direct subsidy because as the House well knows that is prohibited by EEC Directive. The £3m will go towards constituting and starting subsidiary Companies of GSL, which will help to reduce drastically GSL's present overheads. The fact that £3m is being sought is Mr Chairman, the amount which the Government felt was the maximum that it was prepared to invest in GSL. Not directly into GSL, but into opening subsidiary Companies to reduce

the overheads. I feel, Mr. Chairman that even though the work has picked up in GSL over the last two months, and although the future augurs well for the Company in that there is already a work programme for the rest of June and part of July. There is however the question of the first quarter of the year when the Company lost in excess of £2½m. So I feel, Mr. Chairman, that the £3m, which as I said is the maximum that the Government of Gibraltar is prepared to invest, around Gibrepair, is what I feel the Company would need to be able to cover the deficits in the Company and the reduction of overheads, because it is not covering the deficits directly as a subsidy, but being able to cut back on the overheads which will resolve the situation.

HON A J CANEPA:

So, as I understand it, therefore, Sir, the £3m is not broken down, it is not quantified. It is the maximum sum of money which the Government are prepared to put into this Company, indirectly, having regard to their other commitments. They have looked at the overall order of expenditure and they have said £3m is the most that we are prepared to put having regard to our commitments this year, and having regard to the yard and what has happened in the past. Is that the correct position? It could turn out to be less, in fact, less than £3m may be required?

HON CHIEF MINISTER:

Obviously, if things turn out better and is less than fine we will be quite happy to be able to say at the end of the year when the final figures come out that we did not need it all. However, given as my colleague has said, the yard itself had a negative result of £2½m in the first half. Although we cannot cover the deficit, which means that the Company will still have a loss on its books when the Accounts close, because it is contrary to the EEC Directive to give subsidies. We were certainly not prepared, to look at the question of subsidies since given the sort of timescale involved in submitting the matter to UK and then to the Commission and so forth because by the time the Commission made up its mind the yard would have had to close. So we have had to find a way of giving help to the yard, not by giving money to the yard, but by removing, if you like, responsibilities from the yard. Now, one of those areas, which was being looked at before, when the Hon Member was in Government, was divorcing Gunwharf totally from GSL. The value of divorcing Gunwharf totally is that part of that loss had been due to repairing yachts, then if the Yacht Repair Yard, were to become an Independent Company the loss would be less. Gunwharf itself could undertake more if they were provided for example, with a Boat Hoist. However at the moment you cannot provide money for a Boat Hoist because of the EC Directive. However if the Boat Hoist was for a Government Owned Yacht Yard, which cannot repair ships only yachts, then the EC Directive does not apply. This is really the idea, but it has not been that we have actually produced a detailed programme with a figure of exactly £3m. It is an order of costs.

The Government has taken a political decision and GSL has been told that they cannot have an open ended commitment and that the most that the Government is prepared to put into GSL is £3m and they have to break even in twelve months and that is the end of the story, there is no more money.

HON A J CANEPA:

Is the Government now in a position to give us some details, Mr Chairman, about some of the subsidiary companies that are being set up?

HON J E PILCHER:

The Hon Chief Minister has already intimated that Gunwharf is being separated from the main stream of the Company and will be a separate entity. We hope that the new Company will come on stream certainly by the end of July. The other Companies that we have already started, and you will see when the Bills come before this House during this sitting, that there are provisions for the start of a Security Company. The Security Company and again, as explained by the Hon Chief Minister, the purpose is to cutback on overheads. What we are going to do is to set up a Security Company which will not only provide security for GSL, but to other areas of Government, for example at the Air Terminal. Now that will, in turn, reduce the overheads of GSL, because what will happen is that GSL will not have to directly pay the salaries of all the Security Officers. The Security Company will charge for the security of GSL and they will also charge the Government for security of the Airport and various other places. So I think that is a way of reducing GSL's overheads. Those are the first two Companies we intend to set up and both are well on stream. The Security Company, again, is intend to be in operation by mid July. There are other Companies, but at this stage these are at an exploratory stage and I will give the House more information, hopefully, by the end of the summer recess of these other joint ventures which will again reduce the overheads of GSL.

HON P C MONTEGRIFFO:

Mr Chairman, we have information and are not certain of how accurate it is, but we raise the point as a matter of public interest. That GSL personnel are being used in undertaking other tasks of repair and maintenance of Government-run Departments. If this is the case and if the Minister will confirm this, is the Government satisfied that that type of indirect subsidy if there is some form of payment for the use of GSL personnel, does that create any problems under the Directive? In other words can we have information of the first part and then the implications of the second?

HON J E PILCHER:

That is a two part question. Let me answer the first part. GSL has started a Land Section because GSL already held three years ago licences for construction, upholstery, carpentry,

these licences were held by the Company when it commenced in 1985. The land section of the company is undertaking work outside GSL areas where we think we can compete with the Private Sector and is tendering for any work that comes out to tender. The incorrect part is that we are not doing work that belongs to Gibraltar Government employees, we are undertaking work which would normally go out to tender, or for which there is a contract. We are certainly not doing work that is normally done by Gibraltar Government employees. I think the Member is referring to work that is being done for the Health Authority. Well, the Health Authority does not now form part of the main stream of Government, it is governed by a Board and therefore it is autonomous of Government and can enter into whatever contract or whatever work relationship it requires in any area, be it the Public Sector or the Private Sector.

HON P C MONTEGRIFFO:

Mr Chairman, I am grateful for that clarification. In fact one of the items I was referring to was the question of the Health Authority. I would have thought that although the Health Authority technically in law is a separate entity, my understanding is that GSL personnel have been doing work at the hospital without there having been a formal tendering procedure. Now, that implies to me a form of privileged treatment, if you are going to have a proper situation, an arms length relationship between the Gibraltar Health Authority and the rest of the world, which is I think the rational, is it not objectionable that GSL personnel should be doing work at the hospital because the Public Works Department cannot cope when the matter has not gone out to tender?

HON J E PILCHER:

This again is a two part question.

MR CHAIRMAN:

We are departing slightly from the main subject, but I will let you answer and then proceed to another subject.

HON J E PILCHER:

The part concerning tenders is obviously something which will be answered separately. You keep referring to GSL personnel as shiprepair personnel. Gibraltar Shiprepair Ltd, is a Commercial Company which employs carpenters, masons, electricians, woodworkers, and they are not shiprepair men as seems to be implied. They are craftsmen, and as I say GSL is a Commercial Company which is licenced to carry out woodwork, electrical work, construction work etc. The licence allows GSL to any of this type of work. One of the Company's aspects is shiprepairing, but GSL has a licence to carry out any other work it feels is necessary.

MR CHAIRMAN:

We will leave it at that.

Items 80, 81 and 82 were passed.

Head 26 - PAY SETTLEMENTS - COST OF SETTLEMENT

HON A J CANEPA:

Sir, I notice that the cost of the Pay Settlement is estimated at £2½m, and this is considerably in excess of the vote that has been provided in recent years. I do not know whether this is due to the fact that the overall percentage of the Pay Settlement is expected to be higher in 1988/89 or whether it is also linked to the fact that some 'Parity Dates' are being brought forward and therefore that is going to be reflected on a once and for all basis in 1988/89 and will not recur again.

HON CHIEF MINISTER:

The answer is yes, Mr Chairman, the Hon Leader of the Opposition is right. We have a situation where in January this year all employees' review date is being brought into line with the United Kingdom. This means that, effectively, some employees, for example, the Police and the Fire Service are going to get two pay increases in September and November. They would normally have had to wait until September or November of this year, now they are getting the increase from last September in January 1988 and then in September, 1988, they will get a second increase. All non-industrials are being brought forward to April and we also have the situation, although we have not yet seen the full effect of it, where just like the PTO Grades, the new spinal points provides officers in post with some very substantial increases, around 24%. Incremental stages have been accelerated for those officers in post although the scale itself may be longer. Something similar seems to be in the process of being devised for the Nursing Sector. It seems to me that the whole basis of the new United Kingdom Pay Arrangements, which are supposedly more flexible, by giving discretion to Regional Authorities in the United Kingdom, to move up to a certain maximum or not. In our case, in Gibraltar, we are going to finish up on average, paying much more than the average, for the United Kingdom. This is because in a small place like Gibraltar it becomes very difficult, and we had already seen this for example with the Gibraltar Teachers' Association where we had agreed to implement to a greater degree the 'United Kingdom Baker Proposals'. I think there is an in-built wage stream situation which it is hoped will settle down, once the new system is introduced. That is the answer.

HON A J CANEPA:

The Hon Chief Minister, Sir, has mentioned the Nursing Grades.

Will they continue to be paid, their pay settlement will it continue to be met out of Head 26?

HON CHIEF MINISTER:

At the moment the thinking is to do just like we did with GBC, included them in the block vote. We will have to do that with the Health Authority because no provision has been made in the subvention for pay increases.

HON A J CANEPA:

On the legality or otherwise, is the Government satisfied about the legality of settling out of Head 26, the claims of the Telephone Trunk Operators and the Generating Station employees, which in one case go as back to 1985 and in the other case it is for 1986/87. Is it proper from a Financial Procedure point of view, to settle these claims from previous years, and which are not directly related to annual pay increases, out of this year's Pay Settlement instead of coming to the House for Supplementary Appropriation?

HON CHIEF MINISTER:

The position, Mr Chairman, is that the Government is treating these claims no different from any other outstanding claims of which, as the Hon Member knows, there is a considerable backlog. You must remember that there was a list of about 24 items. Some of these claims date back three or four years. The position that we have taken with the reorganisation in the area of Industrial Relations which is really the only place where the restructuring of the Civil Service has so far taken effect, although not yet fully implemented, the position is that what was previously the Establishment Office, the Management Services Unit and the Industrial Relations Office, which are all under Head 7 will now become the Government's Personnel Office. The post of Establishment Officer which will shortly become vacant is not being replaced. There are already negotiations with the Union for the elimination of this post. The function of the Personnel Office will be to conduct all personnel matters including recruitment, and therefore the Estimates, as far as we are concerned, the Personnel Office will have to settle not just Annual Pay Reviews, but backdated re-gradings, upgradings and upbanding claims and so forth, have all been included. During the general principles of the Bill, I said that we were not prepared to give a breakdown of how much was being spent on one and how much was spent on the other. Quite frankly we think that that would inhibit the negotiating position of the person who has been charged by us as Personnel Manager to settle these things, in some cases on the basis of getting countervailing benefits. For example, the Hon Member may recall that there was a long outstanding claim for upbanding for MT drivers, which led to a one week's strike in the Public Works. That claim has been settled and all drivers are now Band 8. It has been settled on the basis that the Union agreed to a proposal from the Government that in

exchange for obtaining Band 8, all the drivers in the Government were interchangeable in terms of the plant and vehicles that they had to use and there would be a single pool. Those who were not in possession of the required licence to drive the heavier vehicles accepted that they would be provided by the Government with free training and with assistance to obtain their licence. Now, part of the cost of that settlement, in money terms, is in this £2½m. The benefit which we hope to gain in additional efficiency from being able to deploy people with a greater flexibility, is not something that we can put a figure to and say well the cost of the department is going to go down by x, but essentially what we are saying is that negotiating process, at the end of the day we have to put money up front, and we are doing that.

HON A J CANEPA:

I can understand, Mr Chairman, that from an Industrial Relations point of view, there is some sense in what the Chief Minister is saying in that whoever is responsible for conducting the negotiations on behalf of the Government, should know what overall provision he has. However, from a financial procedures point of view, is the Financial and Development Secretary satisfied that it is proper to settle claims of that nature, where perhaps disciplinary considerations are involved, are to be settled from a vote which has always been earmarked to meet the Annual Pay Settlements. One thing is Industrial Relations and another is the financial procedure propriety of doing that. Is the Financial Secretary satisfied about that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I can only say that I do not quite see the distinction in the same terms as the Hon Leader of the Opposition has drawn it, as between one type of Pay Settlement and another. They seem to me to be Pay Settlements. What would normally happen is that the normal cause of settling, shall we say, for the sake of argument, new settlements, the Department and the Treasury would treat it as if it were out of the Annual Pay Settlement. They either have the funds and if not the Treasury would determine from which vote the funds should be sought. This from a financial procedure, which the Leader of the Opposition raised with me, is how it would be done.

HON A J CANEPA:

In that situation, Mr Chairman, it could well be that the £2.5m will run out and that there will be a Pay Settlement for 1988/89 involving a group of Government employees in some department which would then have to be met by supplementary appropriation.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That could happen anyway, Mr Chairman, it is purely

hypothetical and I never answer hypothetical questions if I can avoid it.

Head 26 - PAY SETTLEMENTS was passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move the inclusion of a new Head of Expenditure, Head 27 - Contributions 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, £1,957,800. Subhead 2, Housing Fund, £1,723,300, making the total for this Head £3,681,100. The new figures in the last column, ie the increase or decrease compared with the forecast out-turn for 1987/88, are Electricity Undertaking Fund, a decrease of £105,500, Housing Fund an increase of £204,700. The Head totals an increase of £99,200.

Head 27 - CONTRIBUTIONS TO FUNDED SERVICES - SUBHEAD 1 ELECTRICITY UNDERTAKING was passed as amended.

Subhead 2 - HOUSING FUND

HON LT COL E M BRITTO:

Mr Chairman, I think I raised this in the previous sitting of the House. Is there any significance why there is no provision for bad debts in the Housing Fund?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, well there is no significance, but I think I owe the Hon Member an explanation. Normally no provision is made in the Estimates for bad debts. However in 1987/88 it was in fact known that following negotiations by Government with the Tenants Association, substantial rent arrears at Varyl Begg Estate would be written off and it was therefore considered reasonable to make provision on this occasion.

Subhead 2 - HOUSING FUND was passed.

HON A J CANEPA:

Mr Chairman, there is provision here of £2m, which is for the commencement of the Government Housing Programme of 500 units. We have been told that the total sum envisaged by the Government is of the order of £18m and I have a number of questions that I would like to ask the Hon Minister for Housing. In the first place, does he now have some indication of the sites which the Government is going to use for this programme of housing?

HON J L BALDACHINO:

Mr Chairman, I think it would be more appropriate for the Minister for Trade and Industry to have answered this

question. However I do not mind answering. Government is looking at various sites, one of them is, Devil's Tower Road and we are also looking at other alternative sites. It will probably be, Mr Chairman, that the 500 houses will be built at different locations and not in one area.

HON A J CANEPA:

Is there any provision in the £2m or, ultimately in the £18m envisaged by the Government for compensation, for re-provisioning the area of economic activity currently situated on the sites which the Government is looking at?

HON M A FEETHAM:

Sir, I think that I ought to explain, I tried to make it quite clear, when I made my contribution earlier on, that the Government is at a very advanced stage of finishing its Development Programme in the area of Housing and Commercial Developments. As far as Housing is concerned, as my Hon Colleague has indicated, we have identified various sites but as Hon Members opposite are fully aware by what I have said in the House and by what has been made public that the Government is entering into an extensive Land Reclamation Programme, details of which will be made public very soon. The area to be reclaimed will be used not just for the 600 housing units previously agreed with Gibraltar Homes, of which further details of the re-negotiation will be made known shortly, but also for further housing projects as well as other developments which will take place within that area. We are also at the moment in discussion with the MOD for a more flexible, a more workable arrangement on the question of MOD land generally and until such time as these discussions have been finalised we will not be able to say clearly the sites that will be used for Housing and which for Commercial Development. So it is a two pronged approach, land reclamation and there is the negotiations with MOD. The other part of the question, is the matter of the re-provisioning. The thrust now clearly is, since we had come into the Government, that Devil's Tower Road will become a secondary aspect of our Development since other aspects of our Development Programme have moved quicker than we expected. Insofar as reprovisioning costs are concerned they will be included in the building costs and the policy of the Government is to assist people who have leases in the area to develop existing arrangements, be it low cost housing or other developments. The Government will negotiate with anybody interested in developing on the lines directed by Government, be it for housing or commercial development in that area. It will however be a secondary aspect of our overall Development Programme.

HON A J CANEPA:

Let me make our position clear, Mr Chairman, we support whatever funds the Government seeks from the House for Housing. We understand that in using certain sites, the Government

may have made some arrangements for re-provisioning and that there could be a cost attached to that. What we would like the Government to give us an assurance is, that they will come to the House for whatever specific amounts are required for re-provisioning. This is what we did some years ago when we reprovisioned the Ice Box. We needed the Ice Box site a North Mole for a Customs related purpose, and we came to the House and we voted specific funds, the sum of £310,000 to reprovide the Ice Box where it now is. Now, if anything similar to that is going to be involved, if a business at Devil's Tower Road is going to be moved elsewhere and as a result the Government is going to have to compensate with a sum of money, then we would want them to come to the House for that sum of money. If the arrangements are of a different nature and they are just providing a site and no additional payments are involved, that is another matter, site for site, we do not care, but if sums of money are going to be paid by the Government we would hope that those specific sums will be voted by this House. Otherwise we will not know whether the £2m is all going to go into the construction of housing or it is going to go into the re-provisioning or into the building of a showroom or a workshop or what have you.

HON M A FEETHAM:

No, Mr Chairman, I have to apologise to the Member opposite if I have not made myself quite clear. We are not in the business of using funds for reprovisioning. Let us be clear about that. We are not going to go on with the same policies as the previous Government did of reprovisioning the Ice Box from the Port Area to Devil's Tower Road. That is not what we are going to do. I can assure the Hon Member opposite that if we were ever to take that course of action we will come to the House and say this is what will be the element of reprovisioning, but that is not part of our economic strategy.

HON J L BALDACHINO:

The Hon Lt Col Britto asked in his main contribution if the proposal to use prefabricated houses were to go ahead would the cost come out of the £2m. I would like to inform him that we have made the decision that the cost of the prefabricated homes would come out of the £2m.

HON LT COL E M BRITTO:

On Subhead 6, could the Hon Minister provide some information on which balconies we are talking about.

HON J C PEREZ:

Mr Chairman, we are talking about remedial works at Stanley Buildings. This was a sum of money that had been included in the Estimates by the previous administration and although there is no contractual obligation it is recognised by this administration that works need to take place. The problem is that the works went out to tender and the lowest tender

came back 50% higher than what the Public Works Department estimated. We are therefore looking at the possibility of doing the works in another way. The money is for remedial works exclusively at Stanley Buildings.

HON LT COL E M BRITTO:

Mr Chairman, I had indicated in my earlier contribution that I would ask the Minister for a breakdown of receipts under the Improvement and Development Fund Home Ownership Scheme Sales and Other Sales would it be in order to ask for an explanation now?

HON J L BALDACHINO:

Mr Chairman, does the Hon Member want a breakdown of how the money is going to be collected? The figures are Town Range £99,100, Rosia.....

HON LT COL E M BRITTO:

If the Hon Member will give way, it might be easier if he gave me a note rather than read out all the figures.

MR CHAIRMAN:

But if it is going to be included in HANSARD he must read it otherwise it will not be included.

HON J L BALDACHINO:

Rose Shrine £95,500, Rosia Dale £855,200, and then the other £50,000 is made up of different sites, like Maida Vale, South Pavilion and King George V Ramp. Crown Properties tendered for as they stand is £30,000. Under Other Sales is included the Queensway Development £1.5m and the Caravan Site at Catalan Bay is £225,000.

HON LT COL E M BRITTO:

Mr Chairman, those figures I presume are on sales that were already in the pipeline or projected on the 25 March. Does the Minister expect the figure to increase due to the Government continuing to encourage Home Ownership or to stay static due to no encouragement.

HON J L BALDACHINO:

Mr Chairman, these figures will stay frozen because at the moment the Government has shelved its sale of Government Dwellings until such time that we look into each individual building. We are talking of two areas here, one is post-war buildings and the other one is pre-war buildings. The policy of the Government at the moment is to shelf sales until the whole matter has been looked into carefully....

MR CHAIRMAN:

We must not expand too much. You have answered the question



to the extent that there will be no increase because the Government is formulating its policy.

HON J L BALDACHINO:

I want to make it clear, so that it is understood publicly, that even if we decide to sell any of our dwellings, it will not be on the basis that we will pay back rent from January 1987. This will not be the condition.

HON LT COL E M BRITTO:

May I crave your indulgence, Mr Chairman, for one further clarification on something I am still unclear about. When I referred to sales that were already in the pipeline or projected and the Hon Minister has specifically mentioned Rosia Dale, there are tenants at Rosia Dale who are expressing concern that the sales that they had been told had been virtually completed now appear to have stagnated. Is it the policy of the Government to freeze that kind of sale as well or just future sales?

HON J L BALDACHINO:

Mr Chairman, where we have a contractual obligation given by the previous administration we will abide by it. Those not agreed will not be proceeded with. In other words to those who already have agreement we will sell. We have changed the policy where the previous administration meant to sell the whole of the estate. We have changed that policy, and this Government will not sell the whole of the estate. I feel it fair that the Home Ownership Unit should write to those people who had shown a desire or who had already agreed to buy, to inform them that the Government had changed the policy of selling the whole estate and whether they still wished to proceed.

MR CHAIRMAN:

Right, those in favour? Those against? Yes....

HON CHIEF MINISTER:

If I may, Mr Chairman, since the matter has been raised, I think it is important to clarify exactly where the difference in thinking lies between us and the previous Government. The position apparently was that the tenants that have said they wanted to buy were making it almost a condition of buying, that flats that become vacant on those estates would not then be rented to whoever was next on the list of the Pointage Scheme by the Housing Allocation Committee unless they were consulted, which effectively meant that they were allocating the flat and not the Housing Allocation Committee. The previous Government had already introduced a policy which they never came to explain to the House, by the way, Mr Chairman, of making it conditioned on people wanting to move to one of those estates that they should be prepared to buy. So there

were people who had said there is a vacant house in Rosia Dale, I am next on the Waiting List and they were told well you can only get that house if you commit yourself to buy. Therefore those persons who could not afford or did not want to commit themselves to buying lost their place in the queue. That has been scrapped and therefore people will get allocated houses based on the pointage scheme because they are the most deserving case independent of whether they can afford to buy or not. The other thing which we did not know about before coming into Government and with which we certainly do not agree is that on top of the reduced price at which this property is being sold, buyers are to be refunded the rates and the rent that they have paid since January 1987. Now, I wonder whether the Leader of the Opposition considers, that there is financial propriety in refunding rates which are levied under the Public Health Ordinance on people for services like refuse collection, brackish water and other Municipal Services. We have been informed that there is an obligation and we will have to abide by it, but it will certainly mean that we will have to come to this House to vote the money in a Supplementary Appropriation Bill to be able to give it back to those people. It would be wrong to put that as a charge on the Housing Fund since that money paid in rent went into the Housing Fund in the year 1986/87, and has been spent and audited. So that money cannot be given back, it is no longer there. It will mean that there will have to be a new vote of a Government subsidy to people who are buying flats in these areas at a very low price already. We do not agree with that, but we accept legal liabilities and we shall come to the House and unfortunately have to vote in favour no doubt the others will as well.

HON A J CANEPA:

Bring it and abstain!

HON LT COL E M BRITTO:

If I can take up the Hon Chief Minister on what he has said. The reason why I was asking the question and I am glad for the clarification from the Housing Minister and what, I think, he himself has confirmed, was that concern had been expressed to me, specifically by residents from Rose Shrine and to a certain extent Rosia Dale as well, that there seems to be a feeling amongst those residents, and I stand to be corrected by what the Minister has already said, that Government is if not actively discouraging the sales.....

MR CHAIRMAN:

No, we are not going to start discussing the merits of the policy, we are now voting expenditure. I am normally liberal in Committee and I understand what you are saying on the policy of this particular issue but if it is a matter of importance then a debate can be sought about it. What we cannot do in Committee is discuss the policy.

HON CHIEF MINISTER:

I would like to add, Mr Chairman, that we are not actively discouraging them, but we are certainly not actively encouraging them.

HEAD 27 - CONTRIBUTIONS TO FUNDED SERVICES - SUBHEAD 2

HOUSING was passed as amended.

IMPROVEMENT AND DEVELOPMENT FUND

Head 101 - HOUSING was passed.

Head 102 - SCHOOLS

HON G MASCARENHAS:

Is Government now in a position to confirm whether they are proceeding with the projects that were in the pipeline and which had been approved by the previous administration ie St Joseph's Middle School, the new school at St Joseph's - to replace the present one, a new school for St Joseph's First and the extension to St Anne's Middle, which was the more important one.

HON CHIEF MINISTER:

We are not just looking at the question of the provision of schools in isolation. What the Government is doing, and has not been able to move on this quicker because of lack of information, has been to try and make assessment for its property resources and its manpower resources. These are the two basic ingredients in the economic equation that we are looking at, both from the point of view of the service we give the people as a Government, and the point of view of the share of Gibraltar's resources that are being used up by Government as opposed to Private Sector Companies or Joint Venture Companies. In looking at that strategy, it has taken us from 25th March to last week to have a list produced of the buildings that we own and for what they are being used, and present occupants. No such list existed, it has now had to be compiled for the first time. We are looking at that list now, in order to see which areas are best developed for houses, which areas are best developed for offices and which areas are best developed for schools. Clearly we cannot take a decision on the schools first, because to some extent, where people are going to be living and working, is a very important factor as to where their children are going to be educated. This is the only reason why we are not yet able to say we have definitely identified where the school is going to be. Because we are looking as well at the existing school buildings, we are not just looking at the new schools that were planned, we are taking a totally fresh look, from scratch. We have said to ourselves well instead of having a first school in St Joseph's, we ought to have a bigger school perhaps, nearer or further, and maybe scrap Governor's Meadow, which is half at Grand Parade with an annexe at one of the Humphrey's Buildings, so we are taking a totally new look at the resources of the Education Department to see how best we can give them better, more modern and

more efficient schools. At the same time we will see how best what is released can be developed with the private sector. Those areas which may be prime land could be used for commercial development and the money that is obtained from those commercial developments we will spend on schools. So really the strategy on the provision of schools from a development point of view, not from an educational point of view, is no different from the strategy we have already explained to Hon Members opposite concerning the use of offices and workshops for the Government in the area of the Commercial Dockyard. Moving Government offices and Government workshops in the City Centre to the Commercial Dockyard so that the City Centre can be redeveloped. However, one City Centre Site that we are not going to move is the Town Range one, because the previous Government had just spent a lot of money on doing that one, and what we are looking at the ones that are in a fairly bad state, not ones that are in very good condition.

HON A J CANEPA:

We are talking about children, and in some cases we are talking about children of Infant School age, between 4 and 7 years old. Grown ups whose places of work are changed can either get into a car or a motorbike, as is more popular these days, and make their way there. Four year olds cannot do that. I think the Government in looking at the matter in the broad terms in which they apparently are, is tending to close its eyes to certain realities that are taking place. In the South District, for instance, there is already a substantial Housing Estate going up involving over 200 units and given the fact that the majority of purchasers are young families, that is going to generate a substantial increase in the number of school children of Infant School age and Middle School age in the South District, over and above the normal yearly streams coming in into the schools. Now, I think that unless the exercise which they are carrying out is one that is completed fairly rapidly and decisions are taken in the near future, the Government will find that if not this September, then September of 1989, the schools just will not be able to cope and will not be able to accommodate the extra school children involved. You simply cannot get 4 year olds who live in the South District and send them to school into Town, they cannot walk that far.

HON CHIEF MINISTER:

Well, if we find that we have a problem, then we will have to find a solution to it, just like we are doing with all the other problems we have inherited as from the 25th March.

HON A J CANEPA:

The problem is there. It is known. The Education Department has already identified and highlighted the problem.

HON CHIEF MINISTER:

They may have identified it and highlighted it to the Hon

Member's satisfaction but not to ours.

HON A J CANEPA:

I think Mr Chairman, that the trouble is that they are not taking educational considerations into account, just the economic factors are what predominate on that side. The social and educational aspect just does not come into it.

HON CHIEF MINSITER:

That remains to be seen, Mr Chairman.....

MR CHAIRMAN:

Right, now we will take a vote on Head 102 - Schools.

Head 102 - SCHOOLS was passed.

Head 103 - TOURIST DEVELOPMENT PROJECTS

HON P C MONTEGRIFFO:

Under the heading of refurbishments, we have a vote that is similar to last years. Now in answer to a Question at the last sitting of the House, the Hon Minister for Tourism, explained the Government's general philosophy of expanding Air Services, notwithstanding the position of the Airport Agreement and we have recently heard statements from GB Airways about their intention to significantly increase air traffic. Now bearing in mind that the facilities at the Air Terminal are recognised as being rather inadequate, is not further investment into the Air Terminal now called for as a matter of urgency bearing in mind present traffic, and bearing in mind what is going to happen, if Government's policy succeeds and the commercial airlines get more flights into the airport.

HON J E PILCHER:

Yes, Mr Chairman, I agree that there is a need for a major expansion of Air Terminal facilities. This however is not something that has crept up overnight, but something which has been, necessary for the last seven or eight years. The fact is that the Air Terminal Building cannot today cope with the flights that are already arriving let alone with the extra flights coming in during the summer. The Vote stated in Head 103 is in fact for minor refurbishments, like the repairing of doors, etc. As I mentioned at the last session of the House, it is the Government's intention to look again at the whole question of the Air Terminal. We have to look at it in the short term and the medium term. We feel that it is an impossibility at this stage to be able to look ahead with the building of a New Air Terminal without really thinking in the short term of having to expand perhaps by means of modules, the existing Air Terminal until obviously the New Air Terminal is built. It would however be wrong of us, as a Government,

to actually put a figure down without us first having taken a policy decision and costed what is required for the short term and the medium term. So some time during the course of the year supplementary appropriation will be required and a statement made of the short term remedial action that we need to take at the Air Terminal and the long term, ie the building of a New Air Terminal. It is however not the policy of this Government to put down token votes when it has not really taken a policy decision on how to spend the money. This Head is only the minor refurbishment for the repairing of doors and other minor things and during the course of the year as negotiations progress, supplementary appropriation together with a statement will be made in the House on the future of the Air Terminal.

HON P C MONTEGRIFFO:

Mr Chairman, I am grateful for that. May I have some indication of when this is likely to be, when will the details of at least what is envisaged in the short and medium terms, because although I accept that the congestion of the Air Terminal goes back for seven or eight years, clearly the Minister must accept that it has been in the last two to three years that the matter has become impossible, and it is really in the light of developments now envisaged, that we have to tackle the problem. Now, if you tell me that you will come back to this House after the summer recess in three month's time with a short term solution, fair enough, but I hope by short term you do not mean that we are going to be until next summer without at least some temporary measures having to take place.

HON J E PILCHER:

No, when we say short term we do not mean what the AACR meant by short term. I will come back hopefully immediately after the summer recess and I will have a statement certainly on the short term remedial action to be taken at the Airport. I hope by then also to be in a position to give a statement on the long term remedial action ie the building of a New Air Terminal.

HON LT COL E M BRITTO:

Mr Chairman, on Subhead 5 - Floodlighting of the North Face. Do I take it the work envisaged is purely of an electrical nature? Or does it include some clearing of the area which is rapidly reaching the state that it reached before it was cleared by the Resident Battalion some years back.

HON J E PILCHER:

I am sorry, Mr Chairman, I did not quite catch that.

MR CHAIRMAN:

Is the vote exclusively for electrical works, or is it also

for the purposes of clearing up the area?

HON J E PILCHER:

This is a revote from the amount that was included last year. It is for the floodlighting of the area.

HON LT COL E M BRITTO:

There is no intention to clear the undergrowth? It seems to me that the lighting on its own will not be effective unless the undergrowth is cutback to the way it was two or three years ago.

HON J C PEREZ:

Mr Chairman, there was no intention by the past administration to do this, this is just a revote of what was happening before and it is basically on floodlighting only. This is not a project of the new Government, it is part of a project left behind by the previous administration and the money is related to the project which was already taking place.

HON P C MONTEGRIFFO:

Mr Chairman, on Item 4 - Coach Park. Could the Government Minister responsible for this item explain what Coach Park, the nature of works envisaged. Which Coach Park are we talking about?

HON J E PILCHER:

Mr Chairman, it is, in fact, again a continuation of the projects started by the previous administration last year, which was £98,000. £38,000 were spent last year and we are now revoting the remaining £60,000. We are talking about the Coach Park at Waterport and it is basically to buy and install the new equipment necessary to start the operation of the new Coach Park. The equipment is on its way and it should be here by the end of July.

HON A J CANEPA:

Does that mean, Sir, that the Government is going ahead with that project, because having regard to the fact that we talk about Coaches, people also talk about Mobile Homes and I do not know whether they mix them up, because they are both mobile. There has been a lot of loose talk around town that Mobile Homes are going to be put up by the Government at the reclaimed area of Waterport. Could they please confirm whether that is so, or are they confirming that the reclaimed area of Waterport is going to be used as a Coach Park.

HON J E PILCHER:

Yes, Mr Chairman, I can confirm that that area is going to be used as a Coach Park, unless we are bringing in Porta-Cabins with wheels.

Head 103 - TOURIST DEVELOPMENT PROJECTS was passed.

Head 104 - MISCELLANEOUS PROJECTS

HON LT COL E M BRITTO:

Item No.7, is that expected to be the Government's total contribution to the Astroturf at the Victoria Stadium and can we have an idea of when that is coming into effect?

HON MISS M I MONTEGRIFFO:

The amount put in the Estimates by the previous administration will not be spent on the Astroturf. The GSLP is at the moment in negotiation with the people who are willing to put in the Astroturf and it will not cost a penny to the Government of Gibraltar.

HON LT COL E M BRITTO:

I am sorry, Mr Chairman, I missed that.

MR CHAIRMAN:

Negotiations are taking place between the suppliers of the Astroturf and as a result there will be no expenditure incurred by the Government of Gibraltar.

HON LT COL E M BRITTO:

That is, I assume, Astroturf for the whole of the Victoria Stadium both the football and the hockey pitches.

HON MISS M I MONTEGRIFFO:

Discussions are taking place at the moment, but at the moment we cannot give any firm indication. At the end of the negotiations we will make a full statement on the matter.

HON LT COL E M BRITTO:

Mr Chairman, if I have understood correctly, if the Government is not going to pay a penny, then why the provision of £100,000?

HON CHIEF MINISTER:

The position on the Astroturf is that the negotiations that were already in train envisaged a cost to the Government of £100,000. We are trying effectively to save £100,000 and there have been certain optimistic noises but we are putting the money in because what we do not want is that if we do not achieve the results that we want, we then find that we are unable to proceed with the Astroturf because we are in the middle of the summer recess, and we do not have the necessary finance. We are however hoping that we will not need it. That is the position.

HON LT COL E M BRITTO:

Mr Chairman, would it be pressing the Hon Chief Minister or the Minister for Sport too much to ask what concessions they are expecting to give the people who are prepared to put in Astroturf. In general terms, because there are certain rumours going round town, one prefers to hear it from that side of the House.

HON MISS M I MONTEGRIFFO:

At the moment, Mr Chairman, the position is that the matter is under negotiation, and until we finish these negotiations, we will not be able to say what the full results will be at the end of the day.

HON A J CANEPA:

Sir, Item 12. The access steps at the American War Memorial is this for the whole of the steps, or for half the steps?

HON J C PEREZ:

Mr Chairman, I presume that the Hon Member is referring to the.....

HON A J CANEPA:

No, I am referring to that one, hoping that all of it will be completed and not as Line Wall.

HON J C PEREZ:

I can assure the Hon Member that we shall not make the mess the AACR did with that one. We will do it properly. So that job will be done by the GSLP and will be done properly. We have inherited a problem which arose when the previous administration was still in Government and which I hope the Hon Member is aware of.

HON A J CANEPA:

No, quite frankly, I am not. And I am not aware of the Hon, as he then was, Major Dellipiani, did not know how to count and did not know how to work out figures and therefore bought an incorrect amount of paving stones.

HON J C PEREZ:

That is not the issue, Mr Chairman. The problem with these steps was that the Department put out a Tender for granite paving stones to be used and once the project had already commenced it was established that the material being used was not granite but limestone and the work was stopped pending legal advice. The matter is at the moment being dealt by the Attorney-General's Chambers and the solicitors of the Company in question. Hopefully an amicable settlement might be achieved. However at the moment there is still a dispute

between both parties as to the material used not being the one requested in the Tender. This is evident, because if you have recently passed by, you will have noted the material used is stained by oil from 'Takeaways' whereas had granite been used this would not have happened.

HON A J CANEPA:

I just hope, Mr Chairman, that in order to ensure that, the GSLP administration does not see a repetition of these mishaps that the AACR administration had, that there will not be a requirement that the Hon Member opposite, who is already very busy with all his responsibilities of Government services, to be doing the rounds as a foreman to ensure that in all these works the correct material is used.

HON J C PEREZ:

Mr Chairman, I think that since we are working full time rather than part-time, we might perhaps, although very busy as we are, take a closer interest on matters concerning the Department than the previous administration did.

HON A J CANEPA:

The previous Minister of Public Works, Mr Chairman, worked full time at that job. He had no other employment and no other interests.

HON M K FEATHERSTONE:

With regard to Item 22 - Electrical Installation: St Bernard's Hospital and the advent of the new Health Authority who is going to do this work? Will it be the Public Works Department or will it be put out to tender?

HON MISS M I MONTEGRIFFO:

Mr Chairman, the decision will be made by the Health Authority.

HON A J CANEPA:

Mr Chairman, will the Chairman of the Gibraltar Health Authority tell us whether the Authority has a policy on tendering or has she not yet referred the matter to her colleagues, the other Ministers!

HON MISS M I MONTEGRIFFO:

The Gibraltar Health Authority will be deciding on who will actually be doing the work once it is put out to tender.

HON A J CANEPA:

So, it will go out to tender. This work will go out to tender.

HON J E PILCHER:

Not necessarily, that is a matter for the Health Authority.

MR CHAIRMAN:

What we are being told is that this is a matter which is the exclusive responsibility of the Health Authority and therefore not answerable by the Government.

HON P C MONTEGRIFFO:

The point that the Hon Leader of the Opposition is making, which I think is very valid and I restate, is simply that as Chairperson of the Gibraltar Health Authority is she not in a position to explain what the policy of the Authority is on the whole question of tendering. If she says I am not in a position, because we have not yet made up our mind, as a Government, let her say so. But let us not have ambiguity on it.

HON CHIEF MINISTER:

There is no ambiguity. The Health Authority is charged with using the money that we are providing, from taxpayers, in the most efficient way possible taking into consideration the overall economic priorities of the Government. When they have that basic brief from us, as a Government, and they get the money they will decide when and how they are going to spend it. They will obviously decide to spend it in the way that makes the most sense. The Government will certainly not be running the Health Authority from either the House of Assembly or from Convent Place.

HON A J CANEPA:

Mr Chairman, where public money is involved, and we are talking here of public money and whether matters go out to tender or do not, is of great public interest. The policy that is going to determine that is also of great public interest and that is what we want to know. What the policy is going to be and if they have not decided yet what the policy is going to be, will the Hon Lady undertake to inform her Shadow, in writing, when the Health Authority meets and takes a decision of what the policy is going to be.

HON CHIEF MINISTER:

No, Mr Chairman, it has never been the policy of the Hon Member opposite, when he used to sit on this side of the House, to give any information at all on any of the contracts that were given by companies that were receiving public money. We have just issued a Press Release saying that the Gibraltar Shiprepair Yard has ended the contract it had with Hadfield Clinic which had cost Gibraltar Shiprepair Limited £15,000 last year. Can he tell us when that went to tender? No, was there a great public interest from doctors in the private sector to tender for the job?

HON A J CANEPA:

One difference. There was no item of expenditure £15,000 for Hadfield Clinic. There is an Item of Expenditure, a specific item of £17,000 in this Head of Expenditure. It is not in the global provision for the Health Authority. £18,000, even more.

HON CHIEF MINISTER:

Mr Chairman, there was a vote in this House in December of £2m which the Hon Member refused to give any kind of breakdown at all about. He could not even tell me if some of the money was for redundancies or some of the money was to cover losses. He just refused to give any answer at all. That money was voted in a Supplementary Appropriation Bill in December 1987 and given to GSL on the 1st January 1988. We do not know whether any of that money went to Hadfield Clinic. We have had a situation where there have been a specific vote of money in this House for contracts given to Gunac where there has been a big scuffuffle even within the AACR about not going to tender. So, why is he suddenly interested in tenders, because he is on that side of the House? I can tell him one thing, that if anything does not go to tender, it will not go to tender because it is in the public interest not to wait three months and spend thousands of pounds in going through a rigmarole where at the end of the day we find that the lowest tender is too expensive because people have got in cahoots because it is a Government tender. We are constantly seeing that and the Hon Member opposite knows it. We have a situation where, he himself, has said in this House that when a contract goes out for the Government there is one level of prices and when the contract is for the private sector there is another level of prices and his answer to that was that the only way to do this was to let the private sector do it because they could do it cheaper. Even though we were talking about the same contractor. As far as we are concerned we believe that to the extent that something can be done by Government workers it should be done by Government workers. If it cannot be done by Government workers it should be done by Companies in which the Government has an interest. Always providing that we are getting the best value for money. At the end of the day we stand by those policy decisions and if people feel we have been wasting their money in 1992 they will kick us out.

HON A J CANEPA:

Mr Chairman, the question of the £2m has nothing to do with it. That was not a vote which involved any Public Tender. Let me just express the hope that over the next four years we will not see scandals bigger than Gunac affecting that side of the House.

HON CHIEF MINISTER:

Barlow Clowes!



HON P C MONTEGRIFFO:

Mr Chairman, I think the matter is very simple. Either the policy is going to be that it goes out to tender.....

MR CHAIRMAN:

No, no. We are not going to discuss policy.

Head 104 - MISCELLANEOUS PROJECTS was passed.

Head 105 - GENERAL SERVICES

HON A J CANEPA:

Sir, on Item 3, Hesses Pumping Station, is the Government going ahead with this project as previously envisaged or is it subject to review? Is the Government accepting the technical advice that we were given and are they going ahead with it?

HON J C PEREZ:

Mr Chairman, the project in itself will go ahead. What we are looking at at the moment is whether the site proposed is the right one given the development that is envisaged in the future. It could well be that after the reclamation starts, and after some other projects get off the ground it might be decided that although the resiting is to go ahead, the actual site of the pumps altered from the one originally envisaged. Other than that it is projected that the works will continue.

Head 105 - GENERAL SERVICES was passed.

Head 106 - POTABLE WATER SERVICE was passed.

Head 107 - TELEPHONE SERVICE was passed.

Head 108 - PUBLIC LIGHTING was passed.

Head 109 - ELECTRICITY SERVICE

HON A J CANEPA:

Mr Chairman, could we have some information about the Consultancy for Engine No.4 how it is proceeding?

HON J C PEREZ:

Mr Chairman, I think the Hon Member is mistaken when he talks about the Consultancy for Engine No.4. The consultancy that was approved by the previous administration.....

HON A J CANEPA:

I do not know whether he has noticed, would he please look at Item 3.

MR CHAIRMAN:

Yes, Engine No.4 Consultancy.

HON A J CANEPA:

If I am not mistaken there are two separate Items. One is the General Consultancy on Electricity Supply and the other is a specific one for No.4 Engine.

HON J C PEREZ:

Yes, Mr Chairman, the Hon Member is right. There are two Consultancies. One of which was finalised very shortly after we took office and a copy has just been received and the other one is the General Consultancy which is looking at options for generating electricity which is not necessarily the Engine No.4 option. The Consultancy on Engine No.4 option has finished now and before any decisions are taken on anything it is preferable to look at all the other options of generating electricity, of any savings that might be able to be made in the use of electricity before one considers the option on Engine No.4. It cannot be looked at in isolation to the other things being studied in the other new report which was commissioned by the previous administration.

HON A J CANEPA:

Will we be given a copy of the Report in due course?

HON J C PEREZ:

Mr Chairman, there is no problem in giving the Hon Member a copy of the Report.

HON A J CANEPA:

I am grateful.

Head 109 - ELECTRICITY SERVICE was passed.

Head 110 - CROWN LANDS

HON A J CANEPA:

Mr Chairman, the flm for Land Reclamation, how has this figure been arrived at, is it an order of cost or is the Government now able to be more specific?

HON M A FEETHAM:

Mr Chairman, we estimate the total cost to be f5m.

HON A J CANEPA:

And they expect to spend only flm in this Financial Year?

HON M A FEETHAM:

No, we have had to specify an amount. How much we will spend this financial year is subject to how soon we start the reclamation and the actual termination period of the reclamation. We estimate at least £1m.

HON A J CANEPA:

So, at this stage, it is more in the nature of a token figure, but substantial enough to be able to cover whatever is carried out this year. The reclamation is going to be done by a Joint Venture Company? Presumably that Company may also, as part of its policy, decide whether it goes out to tender or not?

HON M A FEETHAM:

That is correct.

Head 110 - CROWN LANDS was passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I beg to move that Part I of the Schedule be now amended by the inclusion of a New Head - 27, Contribution to Funded Services amounting to £3,681,100 and where the total of expenditure is shown, that the figures £63,637,500 be substituted by the figures £67,318,600.

Mr Chairman put the question which was resolved in the affirmative and Part 1 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, the words £63,637,500 be deleted and the words £67,318,600 be substituted therefor.

Mr Chairman 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 Clause 4, Subclause 1, the words £63,637,500 be deleted and the words £67,318,600 be substituted therefor.

Mr Chairman 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 £71,163,200 be deleted and the words £74,844,300 be substituted therefor.

Mr Chairman 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 Appropriation 1988/89 Bill 1988 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 then put the question which was resolved in the affirmative and the Bill was read a third time.

MR SPEAKER:

Sergeant, will you remove that gentleman from the House, take his name and he should be prohibited from coming to the House ever again. We will now continue with the proceedings.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to lay on the table the following document Schedule of Supplementary Estimates No.1 1988/89.

### MOTIONS

HON CHIEF MINISTER:

Mr Speaker, I beg to move that this House resolves that the following members should be nominated to the Permanent Select Committee on Members Interests:

Hon J J Bossano  
Hon J E Pilcher  
Hon A J Canepa  
Hon K B Anthony

HON A J CANEPA:

I just wish to express the hope that the Committee will meet no more frequently than the last one did.

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

HON CHIEF MINISTER:

Mr Speaker, I beg to move that pursuant to the provisions of Section 78 of the Constitution of Gibraltar, this House elects the Hon Miss M I Montegriffo, as Mayoress of Gibraltar, with effect from the 1st July 1988.

The House will recall that the last time we had a Motion it was, in fact, appointing Mr Abraham Serfaty as Mayor of Gibraltar when he was then a member of the AACR Government. I myself, in fact, from the Opposition Benches had, indeed, proposed Mr Serfaty before the Government did, some members will recall this. I think Mr Serfaty has done the job magnificently over the years that he has served Gibraltar in that capacity, and certainly we as, a Government, felt no need to press him to go. It has been his own decision and we are very grateful that he had accepted to continue at our request, for a few more months so that he would be able to handle the visit of the Duke of Gloucester. We thought that with his experience over the years as Mayor he would be better suited than if we had had a new person just elected to the office. Sir, we have a situation where the Constitution requires that the Mayor should be a Member of the House and our position is quite frankly that we consider it to be an additional burden on any Minister given the very full commitments imposed on our Ministers. People expect them to work all hours of the day seven days a week. We do not intend that this should be a permanent appointment for the four years and it is hoped that once a replacement is found for yourself, Mr Speaker, given your own regrettable decision to leave as well, everybody seems to be abandoning now that GSLP is in Government, we hope that it may be possible for whoever takes over as Speaker to act as Mayor as well. I hope we have the support of the Opposition. I should add that I think it is a desirable thing that the only Lady Member of the House should be taking on this role. I think it is a commitment from our Government to equal rights and equal opportunities and I think it is something that has happened in many other places in Europe. Let me say that the person in question fought against it every inch of the way although we insisted that she should have the right and opportunity. I commend the Motion to the House.

Mr Speaker then proposed the Motion as moved by the Hon Chief Minister.

HON A J CANEPA:

Mr Speaker, in speaking on this Motion, I would like first to associate myself and the Members of the Opposition with the remarks, the kind remarks, of the Hon Chief Minister about the manner in which Abraham Serfaty has discharged the functions of Mayor. I think that he has added and brought distinction and lustre to the post, he has carried out these functions for close on nine years, and I think that he has

tried to be truly a Mayor for all Gibraltar and has not in any way during that time pushed in any way the political interests of his Party. Throughout this time he has also been supported by his wife, Marie Serfaty, who has also been most gracious and shown tremendous humour and understanding in supporting him in his many public functions. I think Gibraltar owes Abraham Serfaty a great debt of gratitude and with the adoption of this Motion in the House we are really bringing to a conclusion a political career which started immediately after the Second World War, as he very often says, that he was asked to stand in at a by-election for six months and he has been going strong for over forty years. I hope that the Hon Lady in question will also, not find herself having to discharge the functions of Mayor for longer than the few months envisaged. Now, Mr Speaker, we have been considering from the Opposition side whether we could actually support the Motion or whether we should abstain, and let me explain what the doubt in our minds was. The Hon Chief Minister made reference to the fact that he would have supported the election of Abraham Serfaty on an earlier occasion than in December 1979. Yes, I recall the matter only too well, because it was in December 1976, when the Government proposed me as Mayor of Gibraltar, that he gave two reasons why the Opposition, the Official Opposition as it was then, himself, the Hon Dr Valarino, Brian Perez and Gerald Restano were voting against my election. The other three independent Members Major Peliza, Maurice Xiberras and Peter Isola voted in favour. Mr Bossano gave two reasons. One was that he did not think that I was suitable for the job, he thought that Abraham Serfaty would do it much better, and I have no doubt about that, but he said that notwithstanding the fact that I had got over 1,000 votes more than any other of my colleagues in the Government and that therefore it could be said that I was the second most popular person on the Government benches as far as that recent Election had shown. The other reason that he gave is to my mind more important, that of consultation. He complained bitterly that the Hon Chief Minister, at the time, had not consulted the Opposition in bringing the Motion to the House. Now we have the same complaint and I think that in our case we can make it even more strongly because now that he is in the hot seat, now that he is Chief Minister and has an opportunity to change all that he is not doing so. He is not practising what he has preached in the past, he is not practising what he has previously complained of, he has not consulted the Opposition in any way. We have been kept out of this entirely and therefore we could have taken the view that it is for the Government to decide who they want to have as Mayor and they can nominate whoever they want to and we will abstain it does not make any difference. However, I think we ought to be a little bit more gracious, than that, if only due to the fact that it is a lady who is involved. However, I think that whoever is Mayor of Gibraltar ought to have the support of all Members of the House and therefore we will rise on this occasion, above any petty squabbles. I have just laid down a marker, that I think that out of courtesy there be some element of consultation with the Opposition. How the Chief Minister goes about that is a matter for him, he does

not have to summon me to No.6 to sit there and hold his hand and discuss the matter with me but I think that some element of consultation is proper, if only out of courtesy. There would then have been no difficulty in our agreeing to whoever they decided to nominate. They have a right, they have the majority to do so, and there is no difficulty. But as I say, I think we should rise above that on this occasion and hope that the Chief Minister will take the point. We will support the Motion and we wish the Hon Miss Marie Montegriffo every success and good fortune in discharging these difficult functions, as they are, important functions for whatever time she may be called upon to do so.

HON CHIEF MINISTER:

Well, perhaps just take up the new issue that has been raised by the Leader of the Opposition on consultation. I did not know that he was as keen on consultation as I was, because he has always been against it in Government. Now, if we now find that we have converted him to the thinking of the GSLP, we shall certainly bear it in mind. Let me say that he never believed in it before. I do not know whether he believes in it now because he is there now, and he will stop believing in it if he ever crosses to this side.

HON A J CANEPA:

When I was selected by the Government to be Mayor of Gibraltar back in December 1976 it was not for me to go to the Opposition and consult them. That was a matter for the Leader of the House the then Chief Minister. I was Chief Minister for only three and a half months and that involved one meeting of the House.

HON CHIEF MINISTER:

I misunderstood the point that the Hon Member was making. I thought he was talking about consultation as a policy and not consultation specifically on the question of the appointment of Mayor. If he is just talking about the question of Mayor, yes fine, he never had a chance to consult anybody because there were no decisions to be taken in those three and a half months. As far as we are concerned, on the question of the Mayor, we have already stated publicly that we hope that whoever becomes Speaker will also accept to become Mayor since we think it is an extra burden on the Minister. We will have to see how this works in practice and if we find that we are not able to move in that direction then what I would be happy to do, since it will have to be a Member of the Government is to get the Leader of the Opposition's order of preference as to who he would like to see as Mayor.

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

MR SPEAKER:

May I offer my congratulations to the new Mayoress and wish her all the best.

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move the Motion standing in my name that this House do approve the giving by His Excellency the Governor, with retrospective effect, to the Pensions Amendment Regulations 1988.

MR SPEAKER:

I am sure that Hon Members will not wish the Hon Attorney-General to have to read the actual Regulations. They have been circulated with plenty of time.

HON ATTORNEY-GENERAL:

I am very grateful. Mr Speaker, on the 16 December 1986, this House amended Regulation 5 of the Pensions Regulations, in order to provide that any officer who had been in Public Service under the Government of Gibraltar continuously for not less than ten years and who satisfied the conditions set out in Regulation 5 might be granted a Pension under the Regulation on his retirement from the Public Service under the Government. Now, that meant, Mr Speaker that it was made retrospective to the 1st January 1984 and that date was the approximate date on which then the administration accepted a claim made by the Transport & General Workers' Union in this regard. However, Mr Speaker, the claim had, in fact, been made by the Union to the Government on the 8th September 1983 and the present administration take the view that the amendment should be backdated to that date, namely the 8th September 1983. This is what these regulations do, Mr Speaker, to backdate that amendment to the date on which the Union submitted the claim to the Government. I am instructed, Mr Speaker, that four ex employees will benefit from this particular amendment and that the sum involved is £3,655.86p. Mr Speaker I commend the Motion to the House.

Mr Speaker then proposed the Motion as moved by the Hon Attorney-General.

HON A J CANEPA:

Mr Speaker, we support this Motion. I agree with everything that the Hon the Attorney-General has said except that he should also have added that the previous administration had also taken the same view because they had decided on the 16th March 1988, our last full Council of Ministers meeting, that this measure should be proceeded with and therefor in a way it is pursuant to that decision, which the present Government also agrees with naturally, and they are bringing it to the House. So we fully support it.

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

HON A J CANEPA:

Mr Speaker, as I said earlier, only that the Hon Chief Minister had not yet arrived on what our attitude was about Bills being taken through all stages. I would commend to the Hon Chief Minister that he continue to practice what he preached from the Opposition benches. He now has the opportunity so let him put it into effect. Mr Speaker, I stand to be corrected, but I cannot remember any occasion when nine Bills have been included in a Supplementary Agenda to be taken through all stages a week or eight days after they have been published. We do not have any objection to a number of the Bills going through all stages between today and tomorrow. However there are some which, I think, require some more thought and I think they also require that the Government should take into account some of the views that we are going to put across in respect of them. Sir, we therefor object to some Bills going through all stages, unless the Government can convince us that they are absolutely urgent and that there are good reasons for proceeding with them through all stages. Perhaps when we come to them we might indicate either in the course of an intervention from the appropriate Opposition Member or when the Hon Mover gives notice of the intention.

HON CHIEF MINISTER:

Let me say, Mr Speaker, that we believe in giving the Opposition an opportunity to study the Bills and an opportunity to seek to influence those Bills by their arguments in this House. It is not our intention to make it a practice, as has happened previously and of which I have complained bitterly for sixteen years on the other side, to take Bills through the House all in one go. Although I do not think it ever made much impact on the Government of the day. However, we accept the validity of the argument, we are not going to argue one thing now which is in conflict with what we said before. As far as we are concerned, all the Bills that we have brought, require action over the next two months. There is not any one Bill that we could have left until after the summer recess otherwise we would have done it. There are, in fact, many many more Bills which are due to come before the House. It is our intention to start publishing them as soon as they are drafted, well before the meeting of the House, so that we give not only the Opposition but other interested parties an opportunity to analyse them and make their views known, so that they can be taken into account.

THE SPECIFIED OFFICES (SALARIES AND ALLOWANCES) (AMENDMENT) ORDINANCE 1988

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Specified Offices (Salaries and Allowances) Ordinance be read first time.

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

SECOND READING

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill, as Members know, is really a formality in giving effect to the salaries review for senior officers whose pay is paid directly, as provided for by the Constitution, out of the Consolidated Fund and not from the Head of Expenditure. The salaries in question were agreed in 1987 but for some reason or other the Bill was delayed. It is now being brought to the House although it is the same Bill that would have been brought to the House by the previous Government. I commend the Bill.

MR SPEAKER:

Well, before I put the question to the House, does any Hon Member wish to speak in general terms about the merits of the Bill?

HON A J CANEPA:

Mr Speaker, this is a sort of Bill that comes annually to the House for the purpose which the Chief Minister has stated and we have no objection to it. We support it wholeheartedly.

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

HON CHIEF MINISTER:

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

This was agreed.

THE TRAFFIC (AMENDMENT) ORDINANCE, 1988

HON J C PEREZ:

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

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

SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be read a second time. Mr Speaker, the object of the amendments to the Traffic Ordinance, or rather the object of this Bill, is two-fold, one

is to enable the Traffic Commission, in consultation and by agreement with the Gibraltar Taxi Association, to be in a position to implement a City Service this summer. The conditions under which it will apply will be a matter for negotiations between the Commission and the Association concerned. The second object is to make it an offence to abandon a vehicle in the Public Highway and introduces a penalty for such an offence. I think that the second part of the Bill is self explanatory. With regards to the first concerning the Taxi Service, Hon Members opposite are aware of the position since a lot of the suggestions were put to them when they were in Government. They know the background and know that we supported the suggestions when we were in Opposition. This will just implement part of the Agreement which will be arrived at by the Gibraltar Taxi Association and the Traffic Commission. The power to be able to introduce it in the event that the agreement being reached this summer, is contained in this Bill. I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

I am interested to see that the idea of a City Service is again being mooted and let us hope this comes to adequate fruition and all the present anomalies of the Taxi Service, such as having no taxis at the Airport when planes arrive, the complaints from the public that cannot get a taxi in the middle of the town around midday because they are all down at the Coach Park trying to attract Rock Tours. There are also complaints from residents of the Moorish Castle area that taxi drivers complain that the traffic there is too congested and they do not want to go all the way in. I hope those anomalies will be rectified and that the City Service will become a proper working entity. Presumably it will have the blessing of the Taxi Association and the Traffic Commission and we do hope that this will be something which will redound to the benefit of the Taxi Service in Gibraltar, which over the past years has not been as good as people would have wished, and becomes as the Taxi people say themselves, the "Ambassadors to Gibraltar". As far as the second part is concerned, the measures to remove derelict cars is a very exemplary measure, and it has our wholehearted support. We will be voting in favour of the Bill, Sir.

MR SPEAKER:

Are there any other contributors?

HON A J CANEPA:

One other point, Mr Speaker, one of clarification with regard to 96(a) 2. Are there any guidelines being laid down for the benefit of the Police in judging about the circumstances

and conditions of a vehicle and the length of time that it apparently has been left abandoned before it is actually removed. The other point is that we seem to be going on the basis of a fixed fine. It is not the maximum, it is that fine, regardless of the extent of the offence and I wonder if that is the intention of the Government? On summary conviction to a fine of £500, and that will be the fine. No margin is being given to the Courts to exercise discretion on this.

HON J C PEREZ:

Mr Speaker, if I may take up, first the Hon Mr Featherstone's points on the problems being experienced within the Taxi Service. He may be right that some of these problems do exist and are a reality. However, what I would tell the Hon Member is that if he had complied with the Agreement offered to him by the Taxi Association, when he was in office, and had he brought this Amendment to introduce the City Service in line with those Agreements, those problems would have been solved, or would have at least gone some way to solving them at the time. So, although I take the point of the Hon Member that there are problems in the Taxi Service what I am telling him at the same time is that those problems have been there for longer than necessary because of the way he handled the matter with the Taxi Association at the time. With reference to the points raised by the Hon Mr Canepa, I accept the question of guidelines and I would need to check on this and perhaps give him an answer when we come to the Committee Stage. I am not quite sure whether certain guidelines already exist and need to check with the Attorney-General's Chambers. On the question of fines, I believe that the intention is that the penalty should be such so as to discourage the abandonment of cars and it has been suggested that the best way to do it is to have a fixed fine. This fixed fine should be quite hefty in order to discourage this practice. That, Mr Speaker, is the advice that we have got from the Attorney-General's Chambers, and it is an advice which we have accepted on the grounds that they know more about the matter than we do. I can tell the Hon Member that it was also suggested to the Government that there should be a prison sentence attached to it and to which we objected and removed before the Bill was printed and came to the House.

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

THE POST OFFICE (AMENDMENT) ORDINANCE, 1988

HON J C PEREZ:

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

THE POST OFFICE (AMENDMENT) ORDINANCE, 1988

HON J C PEREZ:

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

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

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the object of the Bill is to remove the section that made it a criminal offence for workers in the Post Office to take industrial action in pursuance of a trade dispute and the object of the Ordinance as it is, was not to bar this but really for fraudulent matters connected with the refusal to deliver mail, etc. The Government considers that every other worker in Gibraltar has the right to take industrial action in furtherance of a trade dispute and that this Ordinance discriminated against workers in the Post Office by not making a distinction between what was a criminal offence and what was action in furtherance of a trade dispute. I therefore 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 inherent to the Bill?

HON G MASCARENHAS:

Mr Speaker, the Opposition are unable to support the Bill in its present form and I sincerely hope that the Government will be able to defer the Third Reading until the next Meeting of the House of Assembly rather than take the Third Reading during this Meeting. We do not object to the criminality part being taken away, we agree wholeheartedly with that. However, only when they are pursuing claims against their own employer. Our fear is that the Bill as it stands will give the Union a powerful base for secondary action against employers. That is our fear. Therefore as I said earlier, we agree that Post Office workers should be able to take industrial action in furtherance of their own claims against their own employers and not be subject to a criminal offence. We have taken advice from the United Kingdom to see what the position is there, I have not got the information at this stage and this is also why I am asking the Hon Members opposite whether this Bill can be delayed until a subsequent Meeting of the House. We are also seeking our own local legal advice. Therefore we are proposing an amendment to the Bill to reflect the fact that officers in the Post Office should be able to take industrial action in furtherance of a claim on their own behalf with their own employers.

HON CHIEF MINISTER:

Mr Speaker, the Hon Member opposite is quite right in saying that the Bill does have the implication of allowing postal workers to give supporting action to colleagues in dispute in other areas. That is what the Bill does which is what every other worker in the Public and the Private Sector can do. So, in fact, if the postal workers were not allowed to do that, they would be the only workers in Gibraltar that could not do it. At the moment, for example, if there is a dispute with a particular employer and as a result of that, workers in the Customs & Excise refuse to release a package, the Government

may decide to discipline them for failure to comply with their duties but they are not committing a criminal offence. The only people who commit a criminal offence are the postal workers. That is because the law as is currently drafted is interpreted, by Her Majesty's Attorney-General, as effectively not distinguishing between any motivation for delay made. In our view the law, as drafted originally, had the intention that it would make it a criminal offence for an employee of the Post Office to withhold somebody's mail for a fraudulent purpose but not to withhold somebody's mail because the delivery of the mail would involve crossing a picket line. At the moment if a worker under the amendment proposed by the Hon Member was asked to deliver a letter to a place where there was a dispute and he refused to deliver it because it meant crossing a picket line he would be committing a criminal offence. It is quite possible that if the Hon Member takes the advice of Mrs Thatcher he will be told that they should certainly make it a criminal offence not just for crossing the picket line, but for being in the picket line itself, never mind crossing it. We do not subscribe to the advice of Mrs Thatcher in such matters although we may listen to her advice on other things but not in this area. Now if the Opposition's objection is that they think that the Bill gives a right to postal workers, which they have in fact exercised in the past let me add even with the AACR Government, and I also think that the AACR in Government hesitated to use the full force of the law so as not to worsen the situation then this is not so. Because the reality is that where you have a situation where there is one area, say the private sector, which has a dispute and that area is not receiving delivery of mail and you say to the people in the Post Office either you deliver the mail or we send the police to arrest you, the consequence of that is not that the person involved in the dispute receives his mail it is that nobody will receive mail. The situation is therefore not resolved. Now, we were faced with a situation shortly after coming into Government where such a dispute existed. A situation which had in fact existed before the 25th March. We were faced with a situation where we either had, as a Government to deliberately break the law, which we do not think is right or we had, as a Government, to uphold the law and go against our principles as a Socialist Party. That was a situation which we were not prepared to live with. We had a situation where we felt that although we do not want to encourage the people in the Post Office to be in dispute or take industrial action but at the end of the day if this happens, we as a Government, will have to bear the consequences. That is something we have to live with because if we stand by the principles we have preached then we have to stand by them even if we happen to be at the receiving end. We are therefore defending this matter as a matter of principle because we believe in them as Trade Unionists and as Socialists. If the Hon Members on the other side feel that we are giving too much freedom to postal workers all that we are giving them is the same freedom that the other 30,950 workers in Gibraltar enjoy. We think the 50 persons in the Post Office should enjoy it as well.



HON A J CANEPA:

Mr Speaker, it is clear from what the Hon Chief Minister has said that there is no urgency on this Bill. This has come about because there was a particular employer in the Private Sector that was being blacked, his mail had been stopped and was not being delivered. The Government in the past, yes the Hon Chief Minister is quite right, has accepted on occasions when postmen have taken industrial action against the Government and Government mail has been blacked and has not done anything about it. I was only aware that it was a criminal offence until about six months ago. Therefore in the same way as other employers in the private sector have been affected in the past and the Government has not taken any action against the postmen this amendment can wait because clearly there is no urgency in the matter. What is significant is that one of the first Bills that the new Government is bringing to the House of Assembly is a Bill which effectively gives a trade union, the TGWU which represents postal workers, more power in order to pursue its claims and aspirations against employers in the Private Sector. Postmen can be used to strengthen the power of the union generally, to bring employers in the Private Sector to heel when claims are made against them and those claims are not met. I have no objection to employees, in the Private Sector taking direct action against their employer but I think that to use postal workers to bring pressure to bear on employers in the Private Sector when the postal workers have no dispute with them is another matter altogether. The Government has got certain views, as active trade unionists that they have been on the matter but the fact is that in their Manifesto there was virtually nothing on industrial relations. Did they discover the problem about the postmen on the morning that they took office. Surely they knew about it beforehand because blacking action was being taken by the postal workers before the General Election. I do not think that that is a very convincing argument. The question of taking supporting action, I think, one can take that matter to an absurd situation if the teachers were to become members of ACTSS in the future, would it be correct for teachers to black particular children because they are the children of an employer with whom the union is in dispute? I do not think that is correct. I agree that that is a more absurd instance than the one that we have got here although the one here is a much more effective one, because any employer who has mail blacked is put up against the wall and is effectively cornered. So we cannot support this Bill. Since it has no urgency we would ask the Government to defer the Committee Stage and Third Reading to give us an opportunity to bring a properly considered amendment. The amendment that we would hope to bring is one which constrains the Bill to one where postal workers would be acting against their own employer, against Government, and in furtherance of a dispute which they have with the employer. I would also like to have some clarification before we vote on the Second Reading as to the meaning of the phrase "if that is done in contemplation", what is the legal definition 'of in contemplation', how wide is "in contemplation". Because it seems to me that it is a word

that can be given a very wide interpretation and action can be taken against an employer well before a trade dispute is even apprehended, let alone contemplated. So I would like to have clarification on that. If we receive satisfactory clarification we may not vote against the Second Reading of the Bill. We may abstain if the Government is prepared to defer further consideration otherwise we will vote against the whole Bill.

HON M A FEETHAM:

Mr Speaker, I think there are a number of points that need to be answered as the result of the intervention of the Hon Leader of the Opposition. First of all, the final point, the question of an interpretation of 'in contemplation of in furtherance of a trade dispute'. This is nothing new. It has been on a Statute Book for donkey years, in the Trade Union and Trade Disputes Ordinance. It is in fact taken from there and was presumably passed by the AACR in their early days.

HON A J CANEPA:

No, if the Hon Member will give way, the Trade Union and Trade Disputes Ordinance came to Gibraltar in 1947, as a result of the Colonial Government legislating, it was not the AACR.

HON M A FEETHAM:

Well, Mr Speaker, I cannot give the Hon Leader of the Opposition credit for having introduced that piece of good legislation. I think that clears that particular point, Mr Speaker. Now to the aspect about having made no mention in our Manifesto to introducing this sort of legislation, well it is very clear for us that the AACR went into the election on the question of Industrial Relations to a great extent and tried to convince the electorate about the necessity of introducing Industrial Relations Legislation and they were defeated. We know what needs to be done in the area of Industrial Relations because we have been involved in that area for a very very long time and I can assure Members opposite that the Government will act in consensus and in consultation and by agreement with the Trade Union Movement. The Government will not go about locking people out. As far as this piece of legislation is concerned, Mr Speaker, the reality is that what we are doing here is doing away with a particular clause in the legislation which is a bad piece of legislation and is in conflict not only with the other one but with the rights of people to exercise their democratic rights of taking industrial action, without being forced to face criminal charges. That is the essence of the amendment to this Bill. It is as simple as that. Now as to using it as a lever against the Private Sector, Mr Speaker, as far as I can recall, the point is in fact, very very hypothetical, as I am reminded by my colleague on my left, because it would seem to me that the relationship between the Union and the Private Sector in recent years, has been something which should be of a credit to the negotiating powers of both sides. It is not a question

that the Union has been at loggerheads with the Private Sector and what we are doing now is, in fact, trying to give the Union more power to continue a position of strife. This has not been the case, the scenery is completely wrong. It is a figment of the Leader of the Opposition's imagination. So therefore having responded to the Hon Leader of the Opposition, this side of the House sees no concrete positive argument that can change the Government's mind in not proceeding with the Bill by taking the Third Reading and passing it in this House.

HON P C MONTEGRIFFO:

Mr Speaker, I have a few points, but it has already been mentioned from this side of the House that we are awaiting advice from the United Kingdom and from Gibraltar itself on the implication which this amendment will have. It has also been accepted, from both sides of the House, that the present law as it stands and the criminality which it imposes is very much a dead piece of legislation which in fact has not been used. If that is the case, one should take the view and I would, that before abolishing anything one should look carefully at what is going in its place, it is a good principle in general terms, and I cannot but help thinking that there might be good policy reasons why originally an exception was made in the case of Post Office workers, as opposed to the vast majority of other employees who did not have this criminality. Having said that, I subscribe with what has been said here as well, that as a matter of principle, we would like to do away with criminality. But I think it is important to stop and pause to see why the criminality was there in the first place and I think it is fair for the Opposition to ask for time to get the advice that we have indicated.

HON CHIEF MINISTER:

Mr Speaker, if I may, the position as we understand it is that the provisions in the Post Office Ordinance preceded the provisions in the Trade Union and Trade Disputes Ordinance and clearly one law says you cannot do it and the other law says you can do it. Now, until very recently it has never been tested and the reality of it is that whenever we have had situations where postal workers have been involved in disputes affecting third parties, and they have been involved with a number of other groups of workers, the Government, as an employer, has never used this law. Shortly after coming into office, we had the situation where such a dispute existed with a private employer who refused to grant recognition rights to the Union, the dispute had existed before we came in but after we came in we found that the employer in question, took legal proceedings against the Government for allowing this to happen. The fact is that the AACR whilst in Government had also allowed it to happen. They had apparently not been subjected to legal proceedings. We cannot put ourselves in a situation where tomorrow we might find ourselves facing a writ and therefore we have said to our Legal Adviser that we, as a Government, believe that postal workers should enjoy the same rights enjoyed by Customs Officials and by

every other grade of workers and that we cannot have a situation where on the one hand the workers take action and the affected party then sues the Government. We have asked our Legal Adviser to get us out of this predicament and the advice received is that the way out of this predicament is to change the law so that we can remove the anomaly. That is the explanation and it cannot wait.

HON P C MONTEGRIFFO:

Mr Speaker, I understand the explanation but what it does not really address itself to is analysing why the restriction was put there in the first place. In other words there were presumably good policy reasons why the limitation was put there initially. The Post Office service is clearly an extremely sensitive and essential service as the Leader of the Opposition has pointed out. Employers would be vulnerable if this weapon was used against the Private Sector who have nothing to do with the work at the Post Office. If this were to be the case, whilst on principle we do not like the criminality and would certainly have no difficulty in saying that it should be scrapped in respect of any dispute with the Government as employer, but not against a third party. We think it is very premature and rushed to be presented with a Bill eight days or ten days ago and come to the House to scrap the whole basis of the way that Post Office workers have been treated without being given a reasonable opportunity of obtaining advice, in particular from the UK, on how the UK position is. The whole of Gibraltar should also be allowed to consider the implications. I appreciate the point that the Hon Chief Minister has made on the possibility of writs but quite frankly if it is a problem of a writ or two. I do not think that that is sufficient reason, Mr Speaker, to bulldoze an amendment of this nature through the House when there is very good reasons for a much more considered view to be taken. All we are saying from this side is that we do not want to vote against this amendment even at the Second Reading. We do not want to vote against it but you are forcing us to vote against it if you do not allow us time to consider the amendment so that the whole matter can be considered in more depth.

MR SPEAKER:

If there are no more contributors I will call on the mover to reply.

HON J C PEREZ:

Mr Speaker, the Hon Mr Montegriffo has not understood what the Hon the Chief Minister said in his second intervention when he explained that the Trade Union and Trade Dispute Ordinance had been introduced after the Post Office Ordinance. So it was not a question of passing the Post Office Ordinance whilst disregarding the position of the Trade Union and Trade Dispute Ordinance and making a special exception for it. I accept that United Kingdom thinking, which is what the Hon Member has been relating to in terms of seeking advice, is one where a large number of workers, including Postal Workers,

should not be able to take industrial action. However that is not the case in Gibraltar. That principle was put by the AACR in their Election Campaign and was rejected by the people of Gibraltar. The AACR wanted to introduce Trade Union Legislation and that was rejected. I come now to the point made by the Hon Leader of the Opposition about delaying the Bill for a further meeting. If he were raising a particular point which the Government of Gibraltar agreed required more thought than that would be a basis of delaying the Third Reading until a later stage but what he is saying is that he is researching to bring an amendment to which we are against. We would reject any such amendment so there is no point in delaying the Third Reading. The Hon Leader of the Opposition also said or implied that this was something which we had at the back of our minds and had not mentioned in our Manifesto and all of a sudden brought out in a devious manner. This is not the case. If we were to introduce legislation which would change the position or rights held by all working people in Gibraltar that would be a change of policy and the matter should be taken before the electorate for their decision at the end of the day. However that is not the position. The position is that the rest of Gibraltar enjoys those rights, that the Government is faced with a problem in a particular department, arising out of a dispute, and has found out that it is responsible for workers who are denied these rights that all other workers in Gibraltar have and we think it is discriminatory. It also puts the Government in a difficult legal position and we have decided that the Trade Union and Trade Dispute Ordinance should apply to Post Office workers as well. Mr Speaker, I commend the Bill to the House.

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

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

The following Hon Members voted against:

The Hon K B Anthony  
The Hon Lt-Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon E Thistlethwaite

The Bill was read a second time.

HON J C PEREZ:

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

MR SPEAKER:

The Committee Stage of this Bill will not be able to be taken until tomorrow.

THE POLICE (AMENDMENT) ORDINANCE, 1988

HON J C PEREZ:

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

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

#### SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, I believe that in the previous part of this meeting, the Hon Chief Minister and my colleague Mr Pilcher explained the position of the Government in relation to Traffic Wardens. We thought that this Government should not continue with the employment of Traffic Wardens as had been envisaged by the previous Government. It has been decided to make use of the Security Company to be created within the GSL complex and that that Security Company might be able to contract to the Police and to others. The intention of this Bill is to enable the Commissioner of Police to employ or contract workers as Traffic Wardens or for any other duties related to that and I think the rest of the Bill is self-explanatory.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Mr Speaker, we support this Bill in principle. We presume it applies initially to three areas, the work of Traffic Wardens, as has been suggested by the Hon Minister, for the putting on of wheel clamps and also possibly for the towing away of vehicles. We have no objection to any of these three

possibilities being performed by a private company contracted by the Police and we therefore are in favour of the Bill.

HON A J CANEPA:

Mr Speaker, I would just be grateful if, when exercising his right to reply, the Honourable the mover of the Motion were to try and be a little more explicit. He explained only in respect of traffic matters and I honestly thought when I saw that he was bringing the Second Reading of the Bill on a matter to do with the Police and not the Attorney-General, I said to myself well this must be because the Bill is only going to deal with matters which are of a defined domestic nature. The Bill did not spell out these matters and had it not been for the fact that he was moving the Second Reading and not the Attorney-General I might have thought that there were certain other connotations, in principle, which the Bill could have been dealing with. I also knew that the Bill had not been previously the mind of the Attorney-General, of the Governor or of the Commissioner of Police when we were in office. So I took comfort and thought that it had something to do with Traffic. The fact that there was no mention of Traffic Wardens in the Bill but yet it was a case for employing civilians for this purpose put me in doubt and I would like the Hon Minister for Government Services to be a little bit more explicit about the constraints within which this piece of legislation is going to be used. I think, as a matter of principle, we need to be absolutely certain that it is to do with functions and duties that would otherwise have been performed by Traffic Wardens and not any other duties which the Police now has and which are going to be taken over by any Private Company. I think we need an assurance in that respect.

HON J E PILCHER:

Mr Speaker, it is directly related to the question of traffic. When we looked at the things that a Traffic Warden had to do, we found that it was not just a question of having Traffic Wardens walking up and down Main Street handing out parking tickets. There was also the question of them taking over responsibility for controlling traffic outside schools ie 'Lollipop man' and as the Hon Mr Featherstone rightly said, the clamping of vehicles. If authority for clamping and removal of vehicles was to be done by a third party, authority would have to be given to them by the Commissioner of Police. There is also the fact that the towing away of vehicles requires an interpretation of the law, whether a vehicle is causing obstruction to traffic or pedestrians in a blue zone, etc. So when we looked at the matter, after discussions with the Commissioner of Police and the Minister responsible, it was agreed that there was a requirement for a change in the legislation. I think, in the general terms, what the Traffic Wardens will be doing comes under the responsibility of the Commissioner of Police so that although the Traffic Wardens will be employed by a separate entity and although that separate entity, in some cases, might be sub-contracting to somebody else, the responsibility under the law is vested

with the Commissioner of Police. We have not wanted to actually tie it to any one particular area, clamping or towing away of vehicles, parking tickets or control of traffic, since there would be other permutations and we wanted to leave it up to the Commissioner of Police, so that he could exercise his judgement and his authority in that matter. I think one thing that has to be said and I am not sure whether it was, in fact, mentioned by my colleague, Mr Perez, is the fact that as a result of the Traffic Wardens operating in areas of traffic control and in areas of controlling the parking situation there would be a release of those policemen who are at the moment doing traffic control duties outside schools etc. Those policemen could be released back to their proper duties where they are sorely needed. I think it was a coming together, a linkage of the Traffic Warden philosophy and linking up with the Commissioner of Police to produce something which I think is very necessary for Gibraltar and is necessary for the Police to enable the deploying of resources where policemen are actually needed.

HON P C MONTEGRIFFO:

Mr Speaker, we welcome that clarification and it puts our minds at ease. In fact since the approval of the Governor is also required for the actual contract arrangements this is a safeguard. Would it be possible for the Government at least to give an undertaking that if contracts outside the ambits just described in broad terms by the Hon Minister are contemplated then this House would be previously informed. I am sure this would not prove difficult since we have no difficulty in accepting the rational put by the Hon Minister.

MR SPEAKER:

Are there any other contributors? If not I will call on the mover to reply.

HON J C PEREZ:

Mr Speaker, there is no problem in giving the Hon Member that commitment. That is to say, if the Commissioner of Police is satisfied that there are other areas, other than those mentioned, where people can be contracted to be employed under the spirit of this Ordinance, then the Opposition will be informed, in this House, that the Commissioner of Police wishes to proceed with that having had the approval of the Governor. But as the Hon Member said, the safeguard is already there because (a) the Commissioner must be satisfied that this is possible and (b) the Governor has to approve it. It is certainly not the intention of this Ordinance to get people from a Security Company doing police work. That is certainly not the intention and we would be against it anyway. On the contrary it is to release some of those policemen not strictly involved in what is strictly police work and therefore try to alleviate the burden of the police. When I visited the Police Station, yesterday, with the Chief Minister, we were made aware of various areas where extra policemen were required.

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

HON J C PEREZ:

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

This was agreed to.

THE PUBLIC HEALTH (AMENDMENT) ORDINANCE, 1988

HON MISS M I MONTEGRIFFO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Public Health Amendment Ordinance in order to enable the Governor to make rules with respect to the quality of potable water and of water in sea bathing areas be read a first time.

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

HON MISS M I MONTEGRIFFO:

Sir, I have the honour to move that the Bill be now read a second time. The European Community's Council Directive 80 778 EEC relating to the quality of water intended for human consumption, and Council Directive 76 160 EEC concerning the quality of bathing waters, require Member States to bring into force laws, regulations and administrative provisions necessary to comply with both Directives. The first Directive relates to the quality of drinking water and it is intended to bring this Directive's provisions into force locally by means of Rules to be made by the Governor. The second Directive is concerned with the quality of bathing waters and similarly prescribes the standards of these waters in Public Bathing Places. Like the previous Directive, the standards have to be prescribed by law to enable the Directive to be implemented locally and as in a previous case this will be done in the form of Rules enacted by the Governor. Hon Members will be interested to know that the Environmental Health Department has been monitoring both our potable water and our bathing waters regularly and analysis results confirm that Gibraltar complies fully with the requirements of the Directive on potable water and with all the parameters set by that on bathing waters. Prior to the enacting of these Rules to which I have referred, the Government must first obtain enabling powers to legislate in the form described, and I therefore recommend to the Hon Members the passing of this amendment which seeks to amend Section 110 and create a new section 213(a) which will confer on the Governor the powers necessary to enable both EEC Directives to be implemented in Gibraltar.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Sir, we are fully in favour of the Bill and we are pleased to see that City Council water is going to get a clean bill of health from the Government. I think we have always known it to be very good water indeed. As far as sea bathing water is concerned it is one thing to have rules for the quality of sea bathing water and we hope providence takes this into account when he allows oil slicks to come into the Montagu or raw sewage from La Atunara into Eastern Beach. However, since this is not within our powers to withstand, the Rules can do as much as possible to try and do it. We therefore support the Bill.

MR SPEAKER:

Does the mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I apologise for taking you rather by surprise but since I intend to move an amendment to the Public Health Ordinance at Committee Stage and since it is not a consequential amendment, I feel I owe it to the House to say something on it now. The amendment I propose to move will be to repeal subsection 3 of Section 272 of the Public Health Ordinance with effect from the 1st July 1988. That may not mean a great deal to Hon Members because in the 1984 published Edition of Laws of Gibraltar they will not see any subsection 3. This is because subsection 3 was introduced at a later stage as a result of an amendment which was announced in the 1985 Budget and came into effect on 1st July 1985. The amendment which I propose to make will repeal the measure which was then introduced, namely the 10% Rates Refund which since July 1985 has been afforded in respect of owner occupied residential properties. That change was introduced in the middle of 1985 and will now be repealed.

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

HON MISS M I MONTEGRIFFO:

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

This was agreed to.

THE SOCIAL SECURITY (INSURANCE) (AMENDMENT) ORDINANCE, 1988

HON R MOR:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Social Security (Insurance) Ordinance be read a first time.

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

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this is really just a simple Bill but yet it is extremely important because it is intended to protect the funds of Gibraltar. Under the existing legislation the Social Insurance Fund must be supplemented by advances from the Consolidated Fund. This, Mr Speaker, we believe is a very dangerous situation to be in, especially when we have such a problem as we have with the claim of Spanish pensions. Under the current legislation it would effectively mean that should we have a situation where there were to be a legal claim on the Social Insurance Fund and this were to be exhausted under the present legislation, we would have to continue paying out of the Consolidated Fund and this would be a never ending story. So, Mr Speaker, with this in mind, the Bill is intended to repeal the existing provisions for shortfalls to be advanced from the Consolidated Fund. I commend the Bill to the House.

HON DR R G VALARINO:

Mr Speaker, I am a little bit sad that the Attorney-General is not present now in the House, because I would have liked to have asked him two questions. First of all, I have a feeling that the Bill could well be contested legally on behalf of existing contributors as they would lose the protection, in the future, by removing subsection 2 of Section 29. I would like his legal opinion on that, but be that as it may. The second point the Hon Minister was talking about Spanish pensioners, now if I read the Bill correctly, Section 29 subsection 1 determines Gibraltar's commitment to Spanish pensions therefore by doing this, by removing the Section, I could see that in any way Gibraltar can be protected against the drain that Spanish pensions could affect our Social Insurance Fund in the future. Those are the two questions on which I would like a legal opinion and it is unfortunate that the Attorney-General is not here. Maybe the Hon Chief Minister could help me in this matter.

HON CHIEF MINISTER:

The Member will recall that when he was Minister for Labour, we said to him from the other side of the House, the very minimum that was required to safeguard the funds of the Government of Gibraltar, not the Social Insurance Fund, the Social Insurance Fund is totally at risk at the moment, but the position is that there is a requirement at the moment in the law that if the £15m in the SIF becomes exhausted, which it would do if Britain did not contribute to the payment of Spanish pensions and if we were sued and forced to pay them then the Government under the existing law is required to use the £9m in the Consolidated Fund. We are removing the requirement now, that does not prevent us from giving support to the SIF if we choose to do it because we can do it under the Finance (Control and Audit) Ordinance. The FDS has got the right under that Ordinance to make advances from the Consolidated Fund to any Special Fund or from any Special Fund to any other Special Fund. It is a voluntary decision and not a legal obligation, so clearly if we wanted to do it to protect local pensioners we could still do it but if we did not wish to do it, because the circumstances were such that we were politically against, we could not be obliged to do so. So you know that the local position is protected to the extent that the amendment changes anything. The reality of the situation that we gave is that the Hon Member opposite has asked whether we would give him a copy of the Report of the Joint Study. I can tell the Hon Member that I was provided with a copy yesterday, that the results are as negative as we expected them to be when the Study was announced, and it was taken to Council of Ministers immediately yesterday, because we attach a great deal of importance and urgency to the matter and we have asked the British Government whether they have any objections to making the Report public. We would prefer to make it public, if we find that the British Government is not in favour of making it public, and since it is a Joint Study, we feel we cannot make it public unilaterally, we will make it available to Members of the Opposition. If, however, the British Government does not raise any objection we will make it public because we feel there should be a public debate with the full possession of the facts.

HON DR R G VALARINO:

Thank you, Mr Speaker. If I could carry on, I feel that by doing this and if the Social Insurance Fund is exhausted because we have to pay the Spanish pensioners then local pensioners will lose the protection within two years, the Fund will be exhausted and the only way to continue to provide the funding in this particular Fund would be to increase contributions at the end of the year, which is the normal thing. The other point is that by losing the amount of the Fund, Government will also be losing the investment income of the Fund which is also helpful and provides backing for



the Fund to decide how much we are going to raise contributions by at the end of the year. What I would like to ask the Hon Chief Minister or the Minister for Labour and Social Security is do they know how does the UK Government guarantee their Fund because as far as my knowledge is concerned, I know that the UK Government pays regularly to the Fund thereby to some extent, having a legal obligation to pay Old Age Pensions. That is something that is there and cannot be taken away. This is a very far reaching changing legislation by the present Government and I would have liked prior consultation with people affected, eg the Trade Union side - I would like to know what the Unions have to say?

HON CHIEF MINISTER:

The position is that we put the Government on notice way back in January, that as far as we were concerned, as the Opposition at the time, that we thought it was a matter of urgency that this amendment should be brought in. We announced it a very long time ago, and we said that if we came into Government one of the first things that we would do would be to take this action. So it is not a question of springing it on anyone. Secondly, it is not that it deprives anyone of any rights. At the moment £15m is more than sufficient to meet the commitments that the SIF has got to the 3,500 persons resident in Gibraltar. What the SIF cannot do with the £15m is meet the pensions of the 5,500 persons who are resident in the Campo. Since the British Government gives no indication of any willingness to meet the bill if we do not take action to protect the finances of the Government then not only will the £15m be exhausted but the £10m in reserves will also be exhausted. We will then be faced with a situation of having to come to this House and increase taxation to restore the Consolidated Fund to a reasonable level. This is a measure of protection, I cannot imagine that there is any need to consult unions or anyone else on this. Let me say that we wanted to bring to this House much more radical changes in legislation divorcing entirely, of which I gave preliminary notice on the general principles of the Appropriation Bill, the different social security benefits. Because, as far as we are concerned, unless a solution is found within the next couple of months, the social insurance system of Gibraltar cannot survive. Let us be clear, unless we are prepared to increase contributions by £12 a week, which we certainly are not prepared to do, and I suspect neither is the party in Opposition because the most they were prepared to contribute was £1m. That £1m is peanuts compared to what is needed. So given that situation we find that the complications of changing the law to the degree that we wanted it changed, because it involves all sorts of changes to subsidiary legislation, regulations, contribution conditions, etc, is a very complicated exercise we are told. The Attorney-General said that there was no way that in the time-scale that we had given him that he

could have the legislation ready. The very minimum we could then do to show that we mean business on the one hand, and on the other hand to take protective measures is this, so it is relatively simple compared to what we will need to do if we do not come up with an answer.

HON DR R G VALARINO:

Thank you, Mr Speaker. I would like to ask either the Chief Minister or the Minister for Labour and Social Security that the same provisions apply to the Employment Injuries Fund and if the Government have the same intention to do away with the shortfall that this Fund might have by stopping temporary advances from the Consolidated Fund. Because the same thing might, in the event of a major disaster, apply. The two questions I would like answered and it is unfortunate that the Attorney-General is not here is, and maybe you could communicate my thoughts to him in order that he can give me an answer later on - whether this Bill could be contested on behalf of existing contributors? The second point is would he please clarify that subsection 1 of Section 29 actually determines Gibraltar's commitment to Spanish pensioners? From the Chief Minister I would like to know whether he does intend to do away with the Employment Injuries.....

HON CHIEF MINISTER:

Mr Speaker, as far as we are concerned Gibraltar is not governed on the one hand by the GSLP and on the other by the Attorney-General so any questions that the Hon Member has he addresses to us. The Attorney-General drafts the law in keeping with the policy that the Government determines. It is to be taken as implicit that the Attorney-General in drafting the changes to the law has assumed that they are not unconstitutional. So even if he is asked whether they could be challenged the only answer he can give is that he does not think it can be challenged or, if challenged, he can defend it because he drafted the Ordinance. It is not his policy, it is the policy of the elected Government and therefore if it is a matter of policy and the Opposition wants an explanation, we are here to answer, not the officials. If it is a question of whether the official has made a mistake in drafting he will say no, he did not make a mistake.

HON A J CANEPA:

As a matter of principle, Mr Speaker, I cannot accept that when the House is sitting and legislating, which is the fundamental function of this House, to legislate, I cannot accept that the Attorney-General be absent from this Chamber unless it is absolutely necessary that he should so be. I do not care where the Attorney-General may be when we are debating all sorts of matters, or at Question Time, but when



we are legislating, I would like the Attorney-General to be here because he is a servant of the House and should be here to deal with legal points. I brought up a legal point which the Hon Mr Feetham answered and I have accepted that he is correct in telling me that I was not aware of the fact that in the Trade Union and Trade Dispute Ordinance the words "in contemplation" are there. I have accepted it but it is the sort of thing that normally the Attorney-General would have guided me on. As a matter of principle I want to give notice to the Government that we, the Opposition, expect the Attorney-General, by and large, to be here in the Chamber when the Government brings legislation to the House in order that we can question him on legal points. On matters of policy the Government is going to deal with them and we are going to accept that but there are occasions when legal points arise like today when Mr Feetham answered but which the Attorney-General ought to have answered. If this is not going to be the case we are going to have difficulties in future, so I wish to give notice on that fundamental point.

We have no problem in dealing with this Bill and, indeed, in supporting it. If the Government want to indicate that they mean business on the question of Spanish pensions we accept that this is the opportunity. During the Ceremonial Opening of the House or when he returned from meeting Sir Geoffrey Howe, the Hon the Chief Minister said that they wanted to do something about it by June and therefore they are acting in pursuance of that. If they had not brought this legislation to the House now and had awaited until the middle of September which is the earliest we can meet after the Summer recess, they would be running into serious difficulties with respect to time. So now they are making their intention clear and therefore we support the Bill, in what politically, it is aiming to achieve. I do have certain concerns, certain worries about the rights which my Hon colleague, the Shadow Minister for Labour, has referred to in respect of local pensioners. The Government is able to and, in fact, so did in the past, to supplement the SIF until 1975. Out of the general reserves of the Government we were appropriating the sum of £1 a week towards meeting the cost of Old Age Pensions. Prior to 1972 there were two levels of Old Age Pensions, the maximum pension of £3.60 or £2.10 a week and £1 out of the £3.60 and £1 out of the £2.10 was being met by the Government out of general revenue. That is something that the Government can do voluntarily as a matter of policy. What is being done now is something that I understand fully but I would like the Government to tell us how they propose to do so in the future. Because under the Constitution, the Governor or the FDS have certain reserve powers with respect to financial propriety, to ensure that if a Government is totally irresponsible and goes on a spending spree and does not raise taxes, this is something similar, I am not making this accusation of Hon Members opposite it is not in my mind to do so, but let us assume

that there were to be a Government sitting opposite or that we were to be there, totally irresponsible and put up benefits, increased them enormously but did not take adequate steps to increase contributions. Then if the SIF run out within a short period of time the rights of pensioners would be safeguarded in that the Government would have a legal obligation to pay by meeting pensions out of the Consolidated Fund. Now that that legal obligation is going to be removed, how does the Government propose to discharge its political, legal and moral obligations to existing local pensioners so that they will feel secure in the knowledge that no matter what happens they will continue five, six, seven or eight years from now, they will continue to receive the benefits to which they have become entitled over the years? I would like them to answer that, to set our mind at rest in respect of this fundamental point. Other than that, Mr Speaker, we understand what the Government is trying to do, we see the political import behind it and, as I say, we have no hesitation in supporting it.

HON J C PEREZ:

Mr Speaker, my colleague Mr Mor will reply to most of the points made by the Hon Mr Canepa. I would just like to tell him that it is the intention of the Hon the Attorney-General to here for the Committee Stage and Third Reading and that we are actually on the Second Reading which is the general principles and that any matters of law arising from the Opposition, surely, must come at the Committee Stage when we go clause by clause.

HON A J CANEPA:

If the Hon Member will give way. Normally we do give notice during the Second Reading so that by the time we go into Committee the Hon Members of the Government have an opportunity to deal with the point, that has been the practice by and large.

HON J C PEREZ:

Mr Speaker, and he did give me notice on one of my Bills in terms of the guidelines and I have already contacted the Attorney-General about it. What I am saying is that it is not his intention to be out all the time but today he has got a particular problem, he is intending to be here for the Committee Stage because he has actually told me to inform him when we are getting on to the Committee Stage and that when that happens any legal points that the Members opposite might want to raise which are not policy issues but legal points in the Bill, can be raised and that those raised already, particularly, on the Bill that I presented have already been raised with him and there will be answers for them when they arise at Committee Stage.

HON P C MONTEGRIFFO:

Mr Speaker, I just have a short contribution which really echoes the concern expressed by the Leader of the Opposition. I would reiterate that from the point of view of the objective of the Bill we support it wholeheartedly but our concern is the efficacy of it in terms of actually working and the implications for local pensioners. On the first part of it, to some extent, we have to rely on the fact that if it has been drafted this way we assume that proper legal advice has been taken. But there is one aspect of this which I would like to raise now which, I imagine, has been given thought to but has been the cause of distress, Sir. My understanding of the position and I think the Hon Chief Minister has mentioned this, is that the Social Security Fund is, in fact, totally exposed as a Fund, so that if action was taken against the Fund, that Fund would have to bear the costs and hence what we are doing is putting a barrier between the Consolidated Fund and the Social Security Fund. If that is the case, Mr Speaker, then surely if there were to be claims against the Social Security Fund in the future if things went down that unfortunate road of actually getting to that stage, then it would obviously affect those pensioners whose whole pensions come from that Fund. The Chief Minister also mentioned that, in fact, this Bill did not prevent the Government at a future date making voluntary contributions into the Fund again if need be. My concern there, surely, is that unless local pensioners are benefitted in some other way, totally outside the present scheme, what you do is you put money back into the Fund but everybody who is entitled presumably gets a pro rata entitlement. I don't imagine that there would ever be a situation, in fact, whether you could make a voluntary contribution into the Social Security Fund unless the problem of Spanish pensions had already put an extra liability on it because we would just be topping it up as a matter of course because it fell short in any particular year. The second point simply is one of the question of the politics behind this. My concern, in general terms, is that although legally the Government may be convinced on its advice that this protects the Consolidated Fund to some measure, does not the Government have its fear that notwithstanding that, and this would go to the Governor for his assent, notwithstanding this legislation, in political terms, Gibraltar's position, in fact, is not really strengthened that much because I have my doubts as to whether this type of amendment, and we are supporting it fully, will in fact have much force or will carry much weight in a negotiating process at political level in deciding how and by whom the pensions are to be paid. That is simply the point I make because I think at the end of the day this matter may be resolved not so much in the Courts but at political level and I think it is important to have, and I am sure the Government has got its eyes open, that we can do so much in legalities but at the end of the day I don't think we can sit down and say: "Sir Geoffrey, we had a liability but we passed this law in June".

HON CHIEF MINISTER:

If the Hon Member will give way. It doesn't change the liability of the Government Social Insurance Fund to pay the beneficiaries one iota. What it changes is the liability of the Government to underwrite a Fund which, on present trend, is destined to become bankrupt. That is what it removes.

HON A J CANEPA:

If the Hon Member will give way. That means that come the 1st of October, Spanish pensioners will still be entitled to draw benefit, to be paid out of the Social Insurance Fund until it is exhausted and then there it will stop.

HON P C MONTEGRIFFO:

Mr Speaker, that answer and I accept that is the Chief Minister's view, is totally at variance with my understanding of the liability which Gibraltar and the UK, as the Member State of the EEC, in fact, has because although it may be possible in strictly technical terms, and I support the attempt to do this, to limit the liability to the Social Security Fund. My concern is that I think the liability, firstly, it is probably a UK liability and Gibraltar has argued this many times, at the end of the day saying 'Hold on, the baby may not be held by us but it will be held by the UK', the Member State of the EEC'. The second point is that it has been thought that if there is a Gibraltar responsibility it doesn't stop with the Fund, it stops at the responsibility under Community law. These are complex matters and I am telling the Government what the position is, as a matter of fact, but I am raising the fact that I would not like the impression to be left that with a simple isolation of the Social Insurance Fund, for all the merits it might have, as a first stage in showing that you are firing the warning shots, that we can feel that we have a measure of protection which is real because even if ultimately, legally it was a real protection, and I doubt it, at political level, I don't know whether, in fact, it can solve the problem in negotiations with the United Kingdom.

HON CHIEF MINISTER:

Mr Speaker, what we are protecting, I have said it several times already, if the Hon Member will look at the estimates we have just approved it shows that by the end of this year we expect to have £9m in the Consolidated Fund. We have got a Social Insurance Fund that has got £15m. As the law now stands, if no agreement is reached with the British Government on financing Spanish pensions, then the Spanish pensioners will eat up the £15m. And when they have eaten up the £15m

they will eat up the £8m. All that we are doing is, and thus we are not sure we are doing any more than that, all that we are doing is the barest minimum that we can do and the barest minimum that we are doing is at least hang on to the £8m. We wish, Mr Speaker, we were able to protect the £15m. We want to protect the £15m, we wanted the other side to do it a very long time ago and they said it couldn't be done. We are still working on ways of doing it but at this stage, what we do know is that if tomorrow the Social Insurance Fund runs dry there is no Community law that says 'The Government of Gibraltar has got to make advances from the Consolidated Fund'. That is something our law says, it has nothing to do with Community law. What the Community law can say is 'There is a responsibility from the Member State to pay pensioners'. Whether that happens or not we don't know because, in fact, the British Government says it is not their responsibility, their responsibility is in our law and I don't know whether the Hon Member opposite knows it but I can assure him that the previous Government was told ad nauseam that what they were required to do by Community law was not discriminate between two classes of pensioners on grounds of nationality or residence. There is nothing in the law of UK, in the law of the European Community or in the law of anywhere else in the world, that requires us to give somebody £70 a week in pension. We say we give £70 a week. What the Community law says is that we cannot give £70 a week to a Gibraltarian and £7 a week to a Spanish national, that is what Community law says. But the British position has always been that if we choose to have over-generous pensions then why should they foot the bill, it is our problem. That has been the British position throughout but they have never said we have to pay £70. They have always said we choose to pay £70 therefore we have to pay them on a non-discriminatory basis. Whether we can actually change the law now that we have started paying, we are not sure. We were sure if we had changed the law before we started paying because we were not removing acquired rights. But what we do know already is that the safeguard of the Consolidated Fund is not a normal practice anywhere in the Community. There isn't a Member State that says if the Social Insurance Fund which, in any case most of them don't have, which was a question the Hon Dr Valarino asked before, the United Kingdom and most places in Europe including Spain pay social security benefits on the basis that if they collect £8m they pay £8m and if they have a deficit in any year then they budget for that deficit out of recurrent expenditure. It isn't a question that there is a Fund and when that one runs dry there is a back-up Fund, that is not the system anywhere in Europe, it is a system we have got, it is unique to us. What we are doing is taking the barest minimum step in the time available to us, as we promised we would, to introduce a very small measure of protection, barely enough.

MR SPEAKER:

You will continue with your contribution and you will not give way to anyone.

HON P C MONTEGRIFFO:

Sir, I know we raised the question and I am grateful for that clarification. That is how I have understood the matter, it is a temporary and interim protection and the matter is still very much open afterwards. But within the basis of what it is intended to do even within the limited measure that is proposed, we have no objection to the Bill and support it wholeheartedly.

HON DR R G VALARINO:

Mr Speaker, on a point of clarification. Could the Hon Chief Minister let me have a copy of the Report of the Joint Study Group, please?

HON CHIEF MINISTER:

Mr Speaker, we got it yesterday and Council of Ministers looked at it at five o'clock and I got it at lunch time so I cannot be quicker in letting the Opposition know. We have already asked the British Government whether they have got any objections to it being made public. If the answer is that they don't want to make it public, then it will be made available to the Opposition on the basis that they cannot make it public, obviously. If the British Government agrees to it being made public then they will get it and so will everybody else.

HON DR R G VALARINO:

Thank you, Mr Speaker.

MR SPEAKER:

May I ask then the Mover to reply.

HON R MOR:

Mr Speaker, there is very little really that I can say now. I am pleased that the Opposition is supporting the Bill. There are two points, the Hon Dr Valarino was expressing concern at the Social Insurance Injuries Fund. This is not the subject of any amendment so, in fact, there is really nothing to say. We don't have the implications that we have in that Fund as we have with the Social Insurance Fund vis-a-vis the Spanish pensions. The other point that was

raised by the Leader of the Opposition was, in fact, the guarantees to the local pensioners. I am quite sure he is quite familiar with pension schemes enough to understand that really there is no pension scheme which can actually guarantee amounts being paid at any future date. At the most we can guarantee two years payment as the Fund stands today. But, in any case, even though at the moment we are all contributing there is no guarantee that we are going to end up with a pension at the end of the day. I am quite sure he will accept that and there is no way really that we can give a guarantee at this stage in any other way.

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

HON R MOR:

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

This was agreed to.

#### THE INDUSTRIAL TRAINING (AMENDMENT) ORDINANCE, 1988

HON R MOR:

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

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

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, as I have pointed out previously in this House, the Government is very much concerned at the unemployment situation in Gibraltar. If we consider that we have a situation where we have thousands of jobs being taken up by non-Gibraltarians, it is quite clear that there should not be any reason whatsoever to have as many as over 300 unemployed Gibraltarians. What invariably is happening today is that whenever an employer seeks to employ a tradesman or needs someone with specialised skills, what we find is that we do not have any unemployed Gibraltarian who has the necessary training or skills required to fill this vacancy. The employer then has, to a certain extent, some justification in insisting that we issue a work permit for, say, a Moroccan, Spanish, Portuguese or any other non-EEC national, who can

meet the requirements of this employer on the basis that denying a work permit would affect the services the employer is providing as well as perhaps costing this employer loss of business. Under such circumstances, Mr Speaker, it is therefore difficult to deny the issue of such a work permit. However, what appears to have been disregarded in the past is that under Section 21 of the Employment Ordinance there is provision for a work permit to be issued subject to the condition that an employer ensures that a resident of Gibraltar is trained for that particular employment within a reasonable period of time. This, Mr Speaker, has not been put into practice in the past or, if it has, with little or no effect. The reality of the situation is that whilst there has been a marked increase in job opportunities in Gibraltar, the unemployment of Gibraltarians has also shown a slight increase which clearly indicates that not only are Gibraltarians unable to compete for jobs because of lack of trade skills but also in jobs which require specialised training such as in the Finance Centre. We find we have a lack of good quality Personal Secretaries, we lack good quality staff for the financial services and, to put it simply, Mr Speaker, if we carry on like this we run the risk of being unable to provide sufficiently skilled Gibraltarians in the future to meet the demands which modern work practices and skills require. This would inevitably lead to an increase in the unemployed number of Gibraltarians and, to our regret, a realisation that better paid jobs are being taken up by non-Gibraltarians. There is therefore a need, Mr Speaker, not only to train our school leavers from the outset but to have retraining programmes which would enable those already working to update their skills on working techniques in order to meet the challenges of the future. At this stage we find that we have inherited this problem of unemployment and we will, of course, be coming up with solutions to offer those unemployed job opportunities in due course. However, Mr Speaker, this alone would only be a patching up job and would not, in any way, prove to be a solution for the future. It is our intention to provide a permanent solution and to eradicate the problem of unemployment as far as Gibraltarians are concerned. In order to achieve this and, as you may recall, Mr Speaker, during our election campaign we said that every school leaver as from next September would be engaged in either higher education, employment or training. As you know, we have already scrapped the scholarships pointage system and as from next September more of our students will have the opportunity of taking up higher education in the United Kingdom. Others will be suitably qualified to take up immediate employment. But, of course, there will still be those school leavers who neither take up higher education nor immediate employment because they lack the qualifications or the skills. It is with this group, Mr Speaker, that we are most concerned about and the Government has undertaken to train and prepare these school leavers with the necessary preparation to undertake the jobs on offer in the labour market. The end result of this is

that in the future there will not be any school leaver facing the situation of lack of prospects in finding employment. It is with this in mind, Mr Speaker, that this Bill has been brought to the House and as can be seen, it will allow the Government to introduce a training levy. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we welcome this Bill in general terms. In fact, what is implied in the Bill which I think is basically that businesses should pay a little more towards training of people generally is something that we have supported and it is something that we have, in fact, argued in the campaign itself and we are happy to see that taking place. My concern and the concern of Members on this side of the House is not so much the principle of raising the money but rather how the money is going to be spent and that we are still quite in the dark as to exactly what schemes are going to be set up. I have heard the assurances of the Hon Minister regarding the fact that schemes should be in place fairly soon. But, as I say, we don't really know what those schemes are going to involve. We don't know what liaison there has been with trade generally or the Trade Unions as well on what they feel the requirements are and the areas that they feel there should be training in. There isn't very much time available and I would very much welcome, as part of our general support in this Bill, a statement from the Government side of a little more detail of what type of training schemes they have in mind, particularly, the novel areas that may be considered - there has only been a very broad brush approach and we would very much like to know in detail what is being considered. Thank you, Sir.

HON A J CANEPA:

Mr Speaker, just to support what my Hon colleague has said and to add that, in fact, during the first three or four years when I was Minister for Labour we did, in fact, make it a requirement on certain employers that they should take advantage of the courses of industrial training that the Government was providing at the time in the hotel and catering industry and in the retail trade. For instance, where certain shop owners wanted to employ outsiders we would say 'Alright, we will let you do that for six months or for a year but we make it a condition that you either accept somebody who is now unemployed and attending courses or training in the retail trade or you yourself employ somebody and send that person to these courses'. A similar attitude was taken with

the hotel and catering industry. The only difference is that because industrial training was very much in its infancy we did not think it opportune for the first few years at least, later on we would have done but for the first few years we didn't think it opportune to exact a levy particularly on industries such as the hotel and catering industry and the retail trade which, at the time, the first few years after the closure of the frontier, were not doing that well. But now where we have a situation with an expanding economy, if the Government is minded to exact a small levy from employers who are doing extremely well - and I think he mentioned, for instance, a problem with the financial institutions, that not enough Gibraltarians are being employed, we as a matter of principle have no problem. It is a policy that we advocated during the election campaign and, in fact, at an address that I gave to the Chamber of Commerce shortly after I became Chief Minister, I indicated as much. So we have no problem in supporting that in principle. But we would welcome more details. If the Hon Member doesn't have them now as soon as he is able to tell us about the nature of the courses and the sort of facilities that they intend to finance out of the money collected from the levy. The other thing that he might tell us is what element of consultation there has been on the matter. Has the matter been discussed on the concept, at this point in time of exacting a levy? Has it been discussed with the Chamber of Commerce, with other employers' organisations like the Master Builders Association, for instance, or with the Financial Sector Group? Has the Minister discussed that or does he propose to do so after the enacting of this legislation?

HON CHIEF MINISTER:

Perhaps, Mr Speaker, although the principle behind the legislation that we are bringing is the commencement of the setting up of the machinery, what we are really doing is amending the existing Industrial Training Ordinance. We found out that the Ordinance as drafted did not meet the requirements of the programme that we have in mind, which is to provide training for all school leavers. We initiated the necessary action as soon as we took office, on 30th March, we were then advised to set up a Committee to study it, which as everybody knows is lethal. The Committee eventually reported back at the end of May stating that we could do everything that we wished to but that there was now no time to do it - a scenario that may not be unfamiliar to Members opposite from their years in office. We were then told, incorrectly, that the existing Training Ordinance already contained the required powers. We checked this and we found that, in fact, with the powers contained in the existing Training Ordinance the levy could only be raised on an Industry by Industry basis. So, in fact, we could not introduce across the Board Training Levy as was the Government's intention. We would have had to raise a Training Levy in the Construction Industry, a Training Levy for the Catering Industry, twenty different Training Levies under

the Ordinance as presently drafted. All that we are doing is changing the definition of how the Training Levy can be raised and that is as far as we have been able to get. Now, clearly the reason why we needed to do that, is to be able to raise the money as soon as we have the Schemes ready. We could not wait until September to change the law to be able to do this and all it does is simply to widen the scope that already exists under the existing Training Ordinance. The rest of the Training Ordinance, frankly, seems to be quite unsuitable for the purpose that we have in mind and may well require new legislation in September.

HON A J CANEPA:

Before the Hon Member sits down, could he give way on one point. If what the Government is intending to do is to introduce a general Levy applicable to all employers, have they given some thought to the practical aspects of the matter, the administrative work involved and whether they should not create a minimum number of employees who are in the employment of a firm or a company before they actually have to pay the Levy. Otherwise the Government is going to find itself having to collect the Levy from small shops where there may be only one person employed and is that desirable. Because of the amount of administrative work involved in collecting the Levy may not make it worthwhile.

HON CHIEF MINISTER:

The original idea of the Government, in fact, was, that the levy should be collected through the PAYE system. This would have been relative simple administratively. The advice that we got at the end of June was yes it can be done but it is impossible to do now by the 1st July and will have to wait till July 1989. Waiting until July 1989 then meant losing the impetus of this year's school leavers. So we either sacrificed a year or went for a not totally satisfactory answer to the problem by using the existing legislation, inadequate as we find it, and adapting it, to the extent that it is possible, to be able to make use of it. This meant effectively introducing a flatrate Levy which will most probably have to be implemented by collection through the Social Insurance Scheme or something along those lines.

MR SPEAKER:

I will now call on the Mover to reply.

HON R MOR:

Mr Speaker, I think the Opposition did ask for some details on the Training and on the consultations that we have had. As regards the training, as the Opposition may be aware, we have already or are in the process of uniting the two Training Centres and have it within the GSL area. The training that we have immediately available is of an industrial type of training and we have been investigating the possibility of producing Craftsmen B at very short notice. So that in a

matter of 44 weeks we could produce a Craftsman B. I think this is useful and will be taken into consideration when the time comes. As regards the training for the Finance Centre, that is a matter with which we are very concerned and together with the Education Department we will approach the sides concerned. I do not think that there are any other points which need clarification, Mr Speaker. I commend the Bill to the House.

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

HON R MOR:

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

This was agreed to.

The House recessed at 5.15 pm.

The House resumed at 5.45 pm.

MR SPEAKER:

Before we proceed with the Bills, I would like to inform the House that the Hon K B Anthony has given notice that he will raise on the adjournment a matter related to the settlement of the ex-Cable and Wireless employees.

THE BORROWING POWERS (1988-1992) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to provide for the raising of loans by the Government of Gibraltar for various purposes and for matters relating thereto be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, it was assumed, I think, certainly throughout the last twelve months of the previous Government's term of office, and I recall that I made a comment to this effect in the speech of the Budget twelve months ago, that a new Borrowing Bill would be required early in this Financial Year which as it happens is this new Session of the House of Assembly following the Election. The previous Borrowing Bill which was passed in 1984, took powers to borrow £10m and those powers are now exhausted. They are also time expired. I should mention that under that particular Ordinance, although



powers are taken to borrow £10m, the amount of new borrowing was, in fact, only £6m and that £4m was for re-financing of an existing loan on better terms. That, I think, highlights one of the deficiencies in the structure of the previous Borrowing Bill, in as much as Bills which were clearly designed to raise money, could not be used or rather if one were to use them for re-financing it limits the amount which is then available for new borrowing. That, in fact, leads me on to describe what is one of the major new features in the present Bill, long overdue I think, purely structural matter, that instead of fixing an amount to be borrowed, the Bill fixes a limit on the amount of public debt outstanding, which I think is a desirable reform. The Bill fixes the limit at £50m and perhaps I should just say something to put that particular figure in its appropriate context. On 31st March 1988 the amount of Public Debt outstanding was £25.6m compared with £29m in 1985 and the amount outstanding would, if there were no further borrowing, fall to £21m by the 31st March 1989 and to a figure of £15m on the basis of existing redemptions, maturity dates by the end of the assumed four-year life of this Parliament. That will put the figure of £50m in its appropriate context. I have no doubt that the Chief Minister would want to say something more generally about the policy aspect and I will simply confine myself to the mechanics. I should perhaps add a word or two on the relativities. Whereas in 1985 when Public Debt peaked at £29m one was talking about a ratio of 30% or 40% between Public Debt and GDP, national income, one is now talking in terms of the present outstanding Public Debt of something in the order of £25m which is very low in comparison with the debt ratios of most modern states and, of course, considerably less than Third World countries. With the rapid expansion of the economy and with National Income heading for a figure of perhaps £150m, if not more, during the next three or four years, I think that a figure of £50m in terms of the actual amount of Public Debt outstanding raises no questions as far as prudential limits and sound financial policies. That is really all I need to say, 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 A J CANEPA:

Mr Speaker, we support the Bill from the Opposition. There are only two points that give me slight cause for concern. They are not directly linked to the provision of the Bill, they will arise later on. That is whether the Government is going to be able, having regard to what is happening with interest rates, to offer Debentures at an attractive rate of interest as was possible in the past. I am concerned about that. There is also another Bill on the Agenda, later on, where incentives are being provided to the public to invest in Joint Venture Companies and that, I think, also is going to soak up some of the funds that would be otherwise available

for people to purchase Debentures. In principle, we are with the Government on this but I have a feeling that they are going to have to look to other sources of borrowing other than just the very high level of direct investment by the public in the Debentures which the Government has been able to offer at very attractive rates in recent years.

HON CHIEF MINISTER:

As far as the local Debentures are concerned, I have already, in anticipation of the Bill being passed, asked the Treasury to prepare for the issue of a local Debenture and thereby test what the amount will be. We will probably put out about £1m and see whether there are any takers for it or not. We are not particularly worried about borrowing locally from the point of view of it being an aim of Government policy. We think it needs to be provided, so as not to deprive people of the opportunity to invest in Debentures, if they want to do that, and the interest rate will be fixed, as I understand it has been done in the past, basically by relating it to similar yield at the time of issue on comparable dated United Kingdom Government Stocks. One thing that we are, in fact, exploring is getting Government Stocks sold on the basis that they would be tradeable on the London Stock Exchange as United Kingdom Government Stocks are. We think that even if Government Stocks are sold in Gibraltar, it is much more attractive if people know that although the Debenture has a fixed date, if they need the money urgently for an emergency, they can actually convert it into cash. At present this is being provided as a sort of informal facility, with Government buying its stock, there is no ready market for it so we are exploring that possibility, which I think will make Gibraltar Government stocks so much more attractive. It will also make it attractive, so we understand from talks with people in the Finance Centre, to institutions who do not really like the idea of having on their books dated stock which cannot be redeemed before the maturity date. We do not anticipate difficulty in raising the money and therefore we are not too worried about competition from Government Share Issues which may be a more attractive avenue for investment for the public in Gibraltar than fixed-interest stock. We are very keen obviously to promote investment in Share Ownership in Government Companies, rather than simply holding fixed-interest Government stock. It will be provided simply to find out whether people are still keen on buying since the position recently, in fact, has been that there have been enquiries and that we could not issue any more Debentures because the Borrowing Powers had been exhausted.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.



basically our view, Sir, and so therefore we will be abstaining on the lines that I have explained.

HON A J CANEPA:

Mr Speaker, just one other point, perhaps the Mover could confirm if our understanding is correct, that in the new Section 2 of the Bill, 26B, where there is a reference to the assessable income of a person, does a person include companies.

HON CHIEF MINISTER:

Mr Speaker, perhaps I can clarify because it is quite obvious from what the Hon Mr Montegriffo has said that from the amount of information that is available it is not too clear to them the thinking and that is understandable because all we are really obtaining are Enabling Powers. The strategy of the Government is one where we are using a variety of different formulae. So, for example, in the case of Gun Wharf and the Security Company, at this stage we are talking about something that will be completely owned by the Government. These two ventures will be jointly owned by GSL, of which they are currently a part and the Government through the Government Investment Fund. Although really it is because to have a Company you have to have two parties and that is really a very sensible way of dealing with it. In fact because it is a fragmentation of the existing enterprise we are not seeking involvement of Private Capital in that area. In any case, I think, until the viability of those enterprises has been demonstrated people might be hesitant to put money into them. We just have to demonstrate that we have been able to turn the Yard around and that it is making money. The two areas which we see as most promising and to be of most interest to the public, and the Leader of the Opposition is correct in a sense that companies in Gibraltar will also be able to purchase shares, is the Property Company and the Bank. These are the two likeliest candidates to be offering shares to the public in the next few months. The Property Company and the Bank go hand in hand because the Property Company itself will have a major role of holding property related, in fact, to Government owned Institutions such as the Bank. The idea, for example, is not that the Bank itself would own the building but that there will be a Property Company owning the building and renting it to the Bank. Now, because we want to encourage an as wide as possible share ownership and I hope the willingness of members opposite to give us the benefit of the doubt will extend to them investing some of their money in shares when the offer is made, since it will be a very good investment. There are some situations like the Reclamation Company where essentially the Government is going to have one or two partners and there we do not see any need for tax incentives, quite frankly, because we are going to settle down with the people who are going to do the project with us, as joint partners, and agree the proportions of control of that company. It is when we are going out to people who are investing in the business, as an investment, rather than participating in its management and running that we see a requirement to provide this incentive. I suppose the closest that has ever been attempted of this

kind has been the idea of the United Kingdom Business Enterprise Scheme. Except that we are not putting a ceiling. I believe that in the United Kingdom you can invest only so much and I suppose if we were overwhelmed we might think that there was a requirement for a ceiling. In any case what we are trying to do or what the Hon the Attorney-General has tried to do for us is to draft an amendment to the Ordinance which does not tie us down. Really, it is giving us the power to do this but the basic philosophy is essentially to make investment in the Gibraltar economy attractive to Gibraltarians so that more of the money stays here and they share in the profit and the success of these ventures.

MR SPEAKER:

May I perhaps ask two questions, although I am not entitled to. It is only the amount invested which will be deductible from the assessment. Secondly, one single share that the Government holds in any company will entitle the investors in the company to have full deductions?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That will be set out in the Rules. As I said, Mr Speaker, if you read this on the assumption that it is going to be enacted tomorrow that would be the case, but if you read the subsection concerned you will find that it is conditional on rules which prescribe.....

MR SPEAKER:

It will be deducted from the assessable income of a person in any year of assessment, any amount invested by him during that year, by way of the purchase of shares or otherwise, in such company in which the Government is a member. By having one share the Government is a member and then the full amount invested by a company will be deductible from the assessable income

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, subject to such conditions as the Government may by Rules prescribe.

MR SPEAKER:

I think the Hon Attorney-General may see what I am trying to say. I do not think the Rules can in any manner or form contradict the Ordinance itself.

HON CHIEF MINISTER:

Mr Speaker, the position is essentially that the only shares that will qualify for deduction from assessable income are the shares of the Government itself, that is why the Hon Financial and Development Secretary said that it would be a one and for all benefit. It is only the original share issue. If the Government decides that it is going to sell 99% of the shares and hold 1% certainly it would be a positive decision but it does not follow necessarily from the law because the

most probable consequence would be that as a general rule the Government would wish to retain at least 50%.

MR SPEAKER:

Right.

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

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon E Thistlethwaite

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE STAMP DUTIES (AMENDMENT) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to amend the Stamp Duty Ordinance be read a first time.

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

## SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, there are basically two main provisions in this Bill and they are designed to encourage the use of Gibraltar by financial institutions wishing to deal in bond issues of various sorts. We anticipate that, for example, a number of American Companies who have been using Panama as a base for issues would be attracted to Gibraltar but for the existence in the Stamp Duties Ordinance of what one might say a rather archaic Regulation which was clearly not designed or intended for this situation. The Regulation in question is a provision whereby fees are levied by the Government on an ad valorem basis. Now, if one is dealing with a relatively small bond or mortgage, then an ad valorem rate of duty or fee is not unreasonable, however if one is dealing with issues of loan stock or bond issues of £100m, then clearly an ad valorem rate duty at 13p in the £ would kill the whole concept dead. Hence the imposition of a ceiling, which is what in effect the Bill provides for, of a £5,000 fee. In discussions with the interested parties this was generally regarded as being a suitable limit for the Government to impose, ensuring that there is some revenue and some gain to the Exchequer as a result of accommodating this particular development. The only other change really, the others are consequential, is to exempt from taxation or fee any charge which is made on a deposit with a bank as a security for a loan which the bank is making, be it in connection with the purchase of a house, where the transaction is carried out by a non resident. Here again, our existing legislation did not compare favourably with that in other Financial Centres, such as the Isle of Man, and we found that the business was not, in fact, coming here. The Banks themselves had drawn our attention to this particular feature of legislation in the past, and we are taking this opportunity since there is a Bill before the House, to amend the Stamp Duty Ordinance to make this change which is referred to towards the end of the Bill, as exemption. I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, the view that we take on this side of the House, is that we wholeheartedly welcome this Bill. Especially in the context of the issue of bonds which the Hon Financial and Development Secretary mentioned earlier. It opens up for Gibraltar, as we understand it, a whole range of business

which was previously closed to the territory. We would like to make a point that we are glad to see prompt legislative replies or solutions to problems that arise on such matters. We welcome that, but having said that, we would also like to make a point that we do not like the idea of a 'piecemeal' approach to such legislative proposals generally, although we are aware that there is general supervision and general legislation on the Finance Centre pending. We think that emergency legislation is sometimes required, we would like this to be the exception rather than the rule in the future. We very much look forward to what will come to the House during the next few months on the Finance Centre with keenness. We support the Bill fully and hope that it will, in fact, bring the business that it is designed to do.

MR SPEAKER:

Does the Hon Member wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE PENALTY RATES REMISSION (REPEAL) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to Repeal the Penalty Rates Remission Ordinance 1986 be read a first time.

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

#### SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the Penalty Rates Remission Ordinance 1986, was suspended for one year with effect from 1st April 1986. The operation of those sections of the Public Health Ordinance, imposed a penalty of 5%, cumulatively, on arrears of rates. The period of suspension was subsequently extended for a further sixteen months. It has now been decided to discontinue the suspension of the 5% penalty and this will be achieved by repealing as from 1st July 1988, the Penalty Rates Remission Ordinance 1986. This will, in effect, mean that the Bills issued for the quarter

commencing 1st July 1988 will, where there are arrears outstanding, include a 5% penalty on those arrears outstanding as at 30th June. I think that is all I need to say. 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 A J CANEPA:

Mr Speaker, the reason why the measure to levy a penalty was suspended for a year and then subsequently extended was because we were being told that, in effect, what was happening was that the penalty requirement was, in fact, adding to the amount of the arrears and since in any case we were not collecting one or the other the thing was being somewhat counter-productive. I think the Government obviously will need to monitor the situation very carefully and to see whether, in fact, the arrears rates, in future, are not going to continue to increase. If so, I would commend to them that they give some thought to see whether they can devise some mechanism for getting at the problem. The official advice that we were consistently given over the years was that there was not very much that could be done about containing the situation unless the Government was prepared, and which could be contested, to hit at the question of rates by suspending the provision of services, as the IWBP administration had attempted to do on one occasion, and to take powers to cut the supply of electricity and water of those people who owed large amounts of rates. Unless the Government is prepared to go down that road, I do not know what alternatives can be thought of. But I would commend to them to give the matter some thought and hope that they have more success in trying to contain the question of rates. I have always had very strong views about these arrears and I have always been very frustrated to see how from year to year they seem to grow interminably.

HON CHIEF MINISTER:

Mr Speaker, Members opposite may recall that we opposed the extension, in fact, of the period when the penalty was not being paid. We also questioned whether this should be done in the light of the fact that there was an election due, this was shortly before the election. We were told at the time by the ~~then~~ Government that it was something that could be reversed and, in fact, what we are doing is carrying out the same policy as we had before because we never understood the logic of the position. The logic of the position seems to be that people owe you money and because they owe you money you make them pay interest; because they do not pay you the money they owe you or the interest they owe you, you decide to take away the interest they owe you. Even if it is true the penalty has not had the effect of dramatically reducing the money owed, it must have some effect, certainly there

cannot be more of an incentive to pay arrears if there is no penalty than if there is one, there is no logic to that. The advice that it just makes the figures look worse, is one that we have been given, and one that we do not accept. The fact that we owe £1m and we are going to charge 10% interest on the £1m, that means that we are now owed £1,100,000 and does not really mean we owe any more, because we can reduce what we are owed by not charging interest. We can of course, reduce the lot by writing it off. We intend to collect. We intend to collect the debt and we intend to collect the penalty and we are looking at ways of collecting which will not involve cutting any service which is paid for separately. So we are not looking at cutting people's water or cutting people's electricity but we are certainly looking at a situation where clearly many of those who owe the Government money, are people who do business with the Government and whom the Government pays. What we are going to be doing is correlating who owes money to the Government and who is owed money by the Government and if they do not pay we do not pay. So that is certainly one avenue open to us which has apparently not been explored to the degree we intend to explore it. There are a variety of measures that we have in mind and we are reasonably confident that we shall be more successful in collecting arrears than has been the practice in the past.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1988/89) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending 31st March 1989, be read a first time.

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

#### SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that the Bill be now read a second time and in accordance with the established convention when we move a Supplementary Appropriation Bill, apart than to register the usual noises of Treasury disgust that there should be any supplementary appropriation whatsoever, I do not propose to make a speech. I commend the Bill to the House.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, I think the Hon Financial and Development Secretary is going to have to express his disgust at almost every meeting of the House for the next twelve months because it seems to me that we are going to have to bring a lot of Supplementary Appropriation Bills. I feel that I need to update the House of the position in relation to the figures that I gave during the Appropriation Bill. I think it is an indication of the difficulty that we are having in keeping expenditure within the limits that we announced, that even before we have finished appropriating the original sum, we are already appropriating supplementary expenditure. The indications already are that the £2m that we hoped to contain supplementary expenditure to, will not be sufficient and that therefore the result for this year, rather than the estimate that we gave the House of the Recurrent Expenditure being £77m instead of £75m we are now talking about £78m instead of £75m with a supplementary for the year of the order of £3m. Clearly some of these are one-off things hopefully, like the £1m concerning the water situation, that was not predicted or predictable. I think it is also important to say that very little of what is in this Supplementary Appropriation, formed part of the £4m Departmental Bids, very little. Most of the stuff here is in addition to the £4m Departmental Bids that we did not approve in the original Appropriation. This is why we have now revised our estimates and it will be our intention, as we get more accurate indicators of the way the Government finances are performing during the year, that as soon as we have more up to date information, we will share it with the Opposition and indeed with the people of Gibraltar whose money it is. The position for subsequent years, however, has still not changed. That is, it is still the Government's intention to limit increases in the Recurrent Expenditure to £1m a year for the next three years beginning in 1989. It is the base from which we are starting and which we are having difficulty in controlling. We are identifying areas already, based on the flow of information coming back to us, where we think economies can be made. However those economies may well come too late in the Financial Year to really show up this year and the full benefit of that will be seen in April 1989. So we have a full twelve months to contrast the difference between one year and the other. I just thought I should update the House of what the implications of this Supplementary Appropriation are, that they are in addition to the £2m we said we would be bringing to the House.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

The House recessed at 7.00 pm.

FRIDAY THE 17TH JUNE, 1988

The House resumed at 10.30 am.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Specified Office (Salaries and Allowances) Amendment Bill 1988; The Traffic (Amendment) Bill 1988; The Post Office (Amendment) Bill 1988; The Police (Amendment) Bill 1988; The Public Health (Amendment) Bill 1988; The Social Insurance (Amendment) Bill 1988; The Industrial Training (Amendment) Bill 1988; The Borrowing Powers (1988-1992) Bill 1988; The Income Tax (Amendment) Bill 1988; The Stamp Duties (Amendment) Bill 1988; The Penalty Rates (Amendment) Bill 1988; and The Supplementary Appropriation (1988-89) Bill 1988.

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

THE SPECIFIED OFFICES (SALARIES AND ALLOWANCES) BILL, 1988

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

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

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

THE TRAFFIC (AMENDMENT) BILL, 1988

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

HON J C PEREZ:

Mr Chairman, the Hon the Attorney-General will be clarifying the points raised by the Hon Mr Canepa yesterday.

HON ATTORNEY-GENERAL:

As I understand it, Mr Chairman, the problem which the Leader of the Opposition had was with regard to the Deeming Section. Subsection 2 of the new Section 96A. Well, of course, I think quite obviously, Mr Chairman, guidelines will have to be given

to the Commissioner of Police to determine the conditions, before the police can act. But if the police do act, the papers will come to my Chambers and I will say "I am sorry, I do not think there is sufficient evidence to bring this section into operation". If I let it go through it will then be a question for the Court to determine as to whether or not there is sufficient evidence to bring this section into operation. However, what I propose to do, Mr Chairman, is to have a word with the Commissioner of Police and try and lay down the general guidelines and they can be only guidelines. The Police would have to act in each and every case as to whether the vehicle had been left or what is left of the vehicle has been left there for an unreasonable period of time. For example, if you get a vehicle with no wheels, no steering wheel, and quite literally just the chassis and that is there for a month perhaps you might consider that that is for an unreasonable period of time, left in the same place, just a hulk. If you get a decent looking vehicle that is left in a place, it has wheels and is in good condition, and it is left there for a period of six months, then it would not be reasonable because obviously the owner is away for a long period of time or the driver was a husband who had died and the widow has not had time to do away with it, obviously that vehicle is not an abandoned vehicle. Therefore you have to look at each case on its merits, and certainly in discussing this with the Commissioner of Police, I will have to take those two extremes and say for goodness sake do not pick up the Rolls Royce which has been there for three months but pick up the hulk which has been there for two weeks. The policeman on the spot will have to use his discretion as to whether it has been there for an unreasonable period of time in order to bring this section into operation.

HON LT COL E M BRITTO:

Mr Chairman, the Leader of the Opposition also took up in the absence of the Learned Member on the other side, the question of the fixed fine of £500 on conviction. I wish to take up the point again now that the Attorney-General is here. We think that the explanation that the fixed amount of £500 with no leeway for the court is to discourage the abandoning of vehicles. But if you look at the wording and you take the example that the Hon and Learned Member made just now, is it reasonable for someone who deposits a complete vehicle, as we have had the example, to be fined £500 and the person who deposits say a part of that vehicle and is found guilty of having left say a seat from that vehicle or something equally ridiculous like a wheel is that person also to be subjected to a fine of £500? Because you are giving no leeway to the Court whatsoever.

HON ATTORNEY-GENERAL:

Mr Chairman, the fine of £500 is the maximum fine that the Court can impose.

HON LT COL E M BRITTO:

If the Hon member will give way, that is the point that we

made before. According to the wording "shall be liable on summary conviction to a fine of £500", not to a fine not exceeding £500.

HON ATTORNEY-GENERAL:

Mr Chairman, "is liable to a fine of £500". I have taken this.....

HON LT COL E M BRITTO:

With respect, if the Member will give way, that is not the explanation we were given before. We were given.....

HON J C PEREZ:

That is what I was telling the Hon Member, that I have pointed this out to him already and he said that it was to dissuade people from abandoning cars. Therefore there must have been a misinterpretation as to whether it was the maximum or it was a fixed fine. I have understood it the same as you have understood it.

HON ATTORNEY-GENERAL:

I am sorry, originally what I had put in and I think my colleagues will bear me out, was "or a period of imprisonment". That was taken out and I think, quite rightly taken out, but the fine, the maximum fine that the Court can impose is £500. It does not have to impose a fine of £500. It is the maximum possible fine. I think, that answers the Hon Gallant Member's question. If it is a wheel perhaps £5. If it was a Rolls Royce that had been unreasonably left, I would have thought £500. A hulk £50. There is a discretion.

HON A J CANEPA:

Mr Chairman is the Honourable and Learned Attorney-General satisfied that the law, as drafted, will allow that measure of discretion to the Court, that if only part of a vehicle a reasonable fine is £50. The Court will have the power to so levy.

HON ATTORNEY-GENERAL:

Yes, Mr Chairman, I am satisfied that the law is right as drafted.

HON A J CANEPA:

Mr Chairman, I am very grateful to the Attorney-General and I think it underlines the point that I was making earlier about the need for him to be here and that has settled the matter.

HON J C PEREZ:

Mr Chairman I made the point that it was going to be raised at the Committee Stage and clarified at that stage.

HON ATTORNEY-GENERAL:

Perhaps, Mr Chairman, if you would allow me to express my apologies to the Leader of the Opposition, but frankly, I cannot be in three places at the same time, I do try, and I came in for my Pensions Motion this morning and then had to rush away again. I mean no disrespect to this House, it is just that sheer volume of work in my Chambers.

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

THE POST OFFICE (AMENDMENT) ORDINANCE, 1988

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

Clause 2

HON G MASCARENHAS:

Mr Chairman, I have given you notice of an amendment that I wish to move by adding the following words after Clause 2 "provided that such trade dispute be one which directly involves Government as an employer".

MR CHAIRMAN:

Do you wish to speak on behalf of the amendment.

HON G MASCARENHAS:

No, Mr Chairman, I think the reasons for doing so were explained by both myself, by the Leader of the Opposition, and by the Deputy Leader of the Opposition.

Mr Chairman proposed the question in the terms of the Hon G Mascarenhas's amendment.

HON J C PEREZ:

Mr Chairman, I think a debate has already been held and reasons explained. However if the Hon Member wants to put the amendment for the record, fine.

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

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Members voted against:

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

The amendment was accordingly defeated.

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

Clause 3

HON G MASCARENHAS:

Mr Chairman, for the record, I move the same amendment to Clause 3.

Mr Chairman put the question in the terms of the Hon G Mascarenhas's amendment and on a vote being taken the following Hon Members voted in favour:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Members voted against:

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

The amendment was accordingly defeated.

Clause 3 was agreed to and stood part of the Bill.

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

THE POLICE (AMENDMENT) BILL, 1988

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

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

THE PUBLIC HEALTH (AMENDMENT) BILL, 1988

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move the inclusion of a new clause in order to abolish the 10% rate refund which as from July 1985 had been afforded in respect of owner occupied residential properties and the proposed new clause reads as follows: "Amendment to Section 272" - "Clause 4 Subsection (3) of Section 272 of the Public Health Ordinance is repealed with effect from the 1st July 1988".

I beg to move.

Mr Chairman proposed the question in the terms of the above amendment and on a vote being taken the following Hon Members voted in favour:

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

New Clause 4 was agreed to and stood part of the Bill.

The Long Title

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have a consequential amendment and I beg to move the addition of a coma at the end of the Long Title followed by the words "and for the repeal of ~~subsection~~ (3) of Section 272".



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

The Hon J L Baldachin  
The Hon J Bossano  
The Hon M A Feetham  
The Hon R Mor  
The Hon J L Moss  
The Hon Miss M I Montegriffo  
The Hon J C Perez  
The Hon J E Pilcher  
The Hon E Thistlethwaite  
The Hon B Traynor

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

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

THE SOCIAL SECURITY (INSURANCE) (AMENDMENT) BILL, 1988

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

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

THE INDUSTRIAL TRAINING (AMENDMENT) BILL, 1988

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

Clause 2

HON LT COL E M BRITTO:

I was slightly concerned at the comments of the Hon Chief Minister towards the end of his contribution on Clause 2 when he said that it was the intention to put a blanket levy across the whole of the community presumably, to finance the training courses. Sorry, all employers not the whole of the community. It could well be that there will be Employers who will, at no stage, obtain any benefits from courses that the Government will be able to provide or can envisage providing and therefore it could be said that some of the smaller employers, a kiosk, grocery shops, that sort of outlet would be unfairly penalised by having to make contributions from which they will get no tangible return. Would it be possible to consider some sort of mechanism whereby such small businesses could apply for exemption from this levy?

HON CHIEF MINISTER:

The thinking, which still needs to be finalised, and which we hope to have ready by about August, which we have to have in motion by September, the time when children have to decide whether they go back to school or not. During the election campaign we said that we would aim for a September day, but we recognised even before coming into office, that it was ambitious to think that we could do it in six months. Well, we definitely are committed to do it in 1988. We want to have it, hopefully started by September, and hopefully fully operational by December. The idea is, that the levy would be paid per capita. So essentially, if the levy is fixed at whatever sum it is and there is a little shop owner that employs one person, he will only pay for one person. The biggest contributor will be the Government of Gibraltar; because the Government of Gibraltar employs 3,600 people. The second biggest contributor will be the UK Departments and the third biggest contributors will be the expanding areas in the private sector, the Banking Sector and the Construction Industry. I think if we start making exceptions, we run the risk of undermining the system and I do not think it would be too onerous. I think it must be seen as something worth supporting because at the end of the day, I think, Mr Chairman, the situation in Gibraltar is, that the people who are going to benefit may well be the sons of the small shopkeepers. In many situations what we are doing is financing the training of all people coming out of school, if they choose to take it, it will not be a compulsory scheme. We are not saying to people 'you have to go into training' we are saying that we are making sufficient provision for training opportunities for 100% of school leavers who are left behind after those who go on scholarships, which we do not know how many they are. We are budgetting, as the House knows, for a 50% increase. So we are talking about 40 youngsters a year going to UK and this year we can send 60 and there is an output of 250 we are going to be left with 190. So we want to provide 190 training places. We may not be able to get together enough schemes to have 190 training places in a couple of months. There may not be 190 takers we have to test the water but we are giving ourselves the power to be able to do the maximum in case there is the maximum response. In that situation we do not think it would place too onerous a burden on a small employer, because, for example, one thing we may be able to do is to provide training for Shop Assistants. In the past many shop owners have complained about taking young girls straight from school and putting them behind the counter because they do not know how to deal with customers. Now, if we say to the small shopkeeper 'you do the training' that is an impossible burden. It is not an unreasonable burden to say to the shopkeeper you contribute 1% of the cost of the training because you employ 1% of the working population. We think it is a fair system but we will look at it when we start putting it into practice. We are not saying we are going to get it word perfect from day one. If we make mistakes we will learn by the mistakes and correct them as we go along.

HON LT COL E M BRITTO:

Mr Chairman, if I may add to that, I accept everything that the Hon Chief Minister has said but I think he has missed one essential point of principle in the argument that I was placing and that is that by levying across the board, all employers, you may be asking a certain type of employer to contribute towards a scheme where he will not get, and cannot expect to get, any benefit from it. I accept that there is no way that you are going to be able to provide training schemes for every possible type of employment, not only in the first month, but not even in the first year. I accept that the small shopkeeper who employs the one shop assistant will get some benefit eventually, once a Shop Assistant's Course is provided. However, I am concerned about the small grocer, who may be a one-man self-employer, who will never employ a shop assistant. He will therefore be contributing unnecessarily and the point I was making was whether there would be a vehicle on exemption, possibly on a yearly basis, for people who do not expect or cannot be expected in the current year to obtain any benefit. That is the general principle.

HON CHIEF MINISTER:

The practicality of it is that the most efficient way of collecting the levy is through the Social Insurance Stamp Contribution Scheme and it would be an unworkable system if you had different values of stamps, I think it would be a nightmare for the Labour Department contributions depending on how many employees they had. So we have difficulty in putting it into practice. We do not think it is going to be so onerous that it is going to put somebody out of business, I mean, at the end of the day you could say that an Off-Shore Bank could argue what benefit would it get? Well, it is part of the social responsibility of being an employer in Gibraltar that you help to train school leavers so that we are able to supply more of Gibraltar's labour needs from our own resources instead of having to be over-dependent on imported labour. It is a political view, not everybody will agree with it, but we are reasonably confident that the majority of people will see it as a sensible and a progressive step.

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

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

THE BORROWING POWERS (1988-1992) BILL, 1988

Clauses 1 to 18 were agreed to and stood part of the Bill.

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

THE INCOME TAX (AMENDMENT) BILL, 1988

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

## Clause 2

On a vote being taken on Clause 2 the following Hon Members voted in favour:

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

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

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

THE STAMP DUTIES (AMENDMENT) BILL, 1988

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

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

THE PENALTY RATES REMISSION (REPEAL) BILL, 1988

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

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

THE SUPPLEMENTARY APPROPRIATION (1988/89) BILL, 1988

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

## Schedule

MR CHAIRMAN:

We will now deal with the Schedule Head by Head.

## PART I - CONSOLIDATED FUND

HON G MASCARENHAS:

Mr Chairman, Item 4 - Education, could we have some details why £17,700 are required for Examination Fees. It seems to me that the mathematics behind the Appropriation Bill is mathematical and calculated on numbers, as in previous years, you must therefore allow for a certain increase or decrease as the Department sees fit. This is an exceptional amount, £17,700 and I would like to know what it is for.

HON J L MOSS:

Mr Chairman, the answer is very simple. In fact, as the Hon Member opposite would know that fees for GCSE are considerably higher than they were for GCE or CSE and at the same time children are expected to sit for a larger amount of subjects than what was catered before.

HON G MASCARENHAS:

Mr Chairman, if I remember correctly, the Department were already aware that the fees for GCSE, during my term of office, were going to be increased, is he able to tell me whether the increase is for all people sitting the exams at 'O' and 'A' Levels.

HON J L MOSS:

No, Mr Chairman, the increase is for GCSE specifically.

Head 4 - EDUCATION was agreed to.

HON K B ANTHONY:

Mr Chairman, Head 8 - Fire Service, there is an item here of £14,000, for Protective Clothing and I notice that it says 'outdated gear'. What exactly is 'outdated gear'?

HON J C PEREZ:

Well, Mr Chairman, this is an item that was put forward by the Chief Fire Officer at Budget Time under Special Expenditure. It is an item which has been approved now after we were able to look at it. It is the actual Fire Fighting Suits that the firemen use together with Fireproof Helmets. It is to replace the present helmets.

HON K B ANTHONY:

It should then be clothing for the Fire Fighting Service as opposed to gear.

HON J C PEREZ:

I presume so, I did not insert the word 'gear'.

Head 8 - FIRE SERVICE was agreed to.

Head 12 - HOUSING was agreed to.

Head 19 - POST OFFICE, SAVINGS BANK AND PHILATELIC BUREAU was agreed to.

HON K B ANTHONY:

Mr Chairman, Public Works, the sum of £280,400 to repair the damage to the Distiller Plant. Can we have some details please and what this is in respect of?

HON J C PEREZ:

The repair to the Distiller Plant that was damaged during the last days of your administration and to which Hon Members opposite issued Press Releases in reply to Press Releases which I issued about the resulting contracts to be awarded as a result of the damage.

HON A J CANEPA:

Mr Chairman, by the time we left Office we had not received reports giving any details of the causes of the damage. Does the Government now have such a Report and what have they discovered about the cause of the damage?

HON J C PEREZ:

The cost of the damage is a different matter from details of the damage. Details of the damage to the distiller was the subject of an Internal Enquiry set up by your administration to look at how it happened and that Report has very recently come to my desk and to the Chief Minister's desk. We are at present considering the Report on how the situation actually developed.

HON A J CANEPA:

Having regard to the fact that we commissioned such an Enquiry, could we please have a copy of that Report, in confidence. I realise that it deals with staff matters but I think that we are entitled to it having regard to the fact that we set it in motion and it is a matter that we will naturally not make public but which I think we ought to know exactly what happened.

HON J C PEREZ:

Mr Chairman, I am afraid I cannot give the Hon Member that commitment because it is a Report commissioned not by the political Government but by the Civil Service, an internal one, related to it, and that is not a political decision

taken by Council of Ministers, it is a decision of the Civil Service itself and we are only informed on the matter.

HON A J CANEPA:

Can that Report, Mr Chairman be expurgated to enable the technical causes of the accident to be made available to the Opposition, who was involved or was not involved, who is the subject of disciplinary measures; if any, the Opposition need not know about.

HON J C PEREZ:

We will look and see whether that is possible and we will come back to the Hon Member.

HON A J CANEPA:

Now, Sir, having regard to the sum involved what is the extent, from the point of view of time, how long are these repairs expected to take and therefore the £240,000 which the Government is seeking for the importation of water. How does that relate to the repairs and to the length of time?

HON J C PEREZ:

Mr Chairman, the repairs are going on at a very quick pace. In fact, only this morning I have been informed that there is a possibility that within the next two weeks they might be completed. Certain tests have already been carried out and it could be possible that the second Distiller Plant will be operational in two weeks time. Now, the sum of money for the importation of water was assessed on the basis of the cheapest option open to the Government for the importation of water and is spread out throughout a period of some four months of steady importation. It is a bit more water than what we actually needed to cover the timescale of the repairs but because this option was much cheaper per tonne, very considerably cheaper, we opted for this option having regard to the enormous amount of water that are owed to PSA/DOE. It was thought that it was possible to go for the cheaper option and repay PSA/DOE. It was thought that it was possible to go for the cheaper option and repay PSA/DOE for water owed to them. As it happens, I ought to inform the House, that the supplier contracted by the Government has not yet met with the conditions of the contract, on which it was awarded and he has been informed of his liability arising out of that contract for not having supplied the water in the time scheduled in the contract. In the meantime alternative arrangements have had to be made for a tanker to be brought from the United Kingdom, which is arriving very very shortly, to supplement water stocks until the Distiller Plant is operational.

Head 21 - PUBLIC WORKS was agreed to.

HEAD 23 - TOURISM

HON A J CANEPA:

Mr Chairman, we understand that the Tourist Office's official car is now being used collectively by Ministers. What about the long standing arrangements to use this official car to convey some of the older caretakers of the Tourist Office to the various sites. Is that continuing, are any of these two cars being used for that purpose?

HON J E PILCHER:

Yes, Mr Chairman, the two existing cars, one is a staff car, the other is going to be a five seater van to be able to carry caretakers and equipment, etc. The answer is yes, the fact that the vehicle is being used by all the Ministers does not prohibit the fact that the Tourist Office have available a car from the pool as and when necessary. In fact, the whole transport situation, including staff cars, is now being looked at with a view of changing the system currently in use.

Head 23 - TOURISM was agreed to.

HEAD 25 - TREASURY

HON M K FEATHERSTONE:

Sir, the subvention of £80,000 for the Gibraltar Health Authority Provision for Minor Works. Can we have some details of these minor works?

HON MISS M I MONTEGRIFFO:

Not yet, Mr Chairman, we are looking into what sort of works are required at the hospital.

HON M K FEATHERSTONE:

So the £80,000 is a cockshy?

HON J C PEREZ:

No, Mr Chairman, it is the same amount that the Hon Member put down last year, when he was Minister, and it is the amount that was accepted by the Treasury to cover this year's necessary repairs.

HON P C MONTEGRIFFO:

Mr Chairman, the Feasibility Study for a component factory at a cost of £30,000. Could the Government explain what that item relates to? What is this component factory?

HON M A FEETHAM:

The £30,000 is 50% of the Government's contribution towards the Feasibility Study for the setting up of the Building Components Factory in Gibraltar in a joint venture with a Danish company. This company is, in fact, the leading expert on building components in Europe and the intention is that if the Feasibility Study arrives at the conclusion that the factory is viable then the £30,000 will be converted into shares in the Joint Venture Company.

HON P C MONTEGRIFFO:

Mr Chairman, does the Government think it is necessary to spend £30,000, presumably on experts to analyse the feasibility, when we have heard from the GSLP benches precisely that expert advice was not necessary. Could we be given information as to what exactly is this feasibility study and who will be giving the advice?

HON M A FEETHAM:

I am sorry, Mr Chairman, I do not quite follow the line of questioning.

HON P C MONTEGRIFFO:

I am not clear, Mr Chairman as to where the £30,000 is going to. Is it a payment to, for example, Consultants? Who are experts in the area? Or is it for expenses for Government Officials who are preparing the Feasibility Study? How is the money going to be spent? That is what I am asking?

HON M A FEETHAM:

How is the money going to be spent?

HON P C MONTEGRIFFO:

Yes, who is going to be paid the money? Experts? Consultants?

HON M A FEETHAM:

The money will be spent in actually producing the Feasibility Study, in terms of investigation, in terms of.....

HON P C MONTEGRIFFO:

By who? Civil Servants? Ministers? Or will it be experts from abroad?

HON M A FEETHAM:

The Feasibility Study is being carried out by the Company with whom we intend to set up a Joint Venture Company. In relation to the marketing possibilities in Gibraltar for such a building components factory. All these things require expenditure and what we are contributing 50% of the Study. I have already

said that if the Study proves that the Building Components Factory is viable, and the indications are that it is, then Government's contribution of £30,000 will be converted into shareholding in the Joint Venture Company.

HON A J CANEPA:

So this is an in-house Consultancy, to be carried out by Consultants within the Company, experts within the Company? It is not the case of engaging outside Consultants?

HON M A FEETHAM:

No.

HON A J CANEPA:

Will the Feasibility Study include the question of the location of the Components Factory and I do not mean the location within Gibraltar. I mean as between Gibraltar and outside Gibraltar.

HON M A FEETHAM:

Yes, all this is included in the Feasibility Study.

HON A J CANEPA:

The Government has not yet taken a decision as to whether the factory is going to be situated in Gibraltar?

HON M A FEETHAM:

The Government has made no decision yet because the Feasibility Study is not complete. What we do with the Feasibility Study is a matter for the Government to decide in the light of all the information provided in due course.

HON P C MONTEGRIFFO:

Mr Chairman, one final question. Will the Honourable Minister undertake to make available to the Opposition the results of the Feasibility Study when that is completed bearing in mind that not only is public money being spent in producing it but also of course, public money will go into that venture if the venture is thought viable. We would like to see a copy of that Feasibility Study to allow the Opposition to decide whether it has to vote in favour or against the funds sought.

HON CHIEF MINISTER:

I think, Mr Chairman, this comes within the policy of the Government generally as to the commercial enterprises into which it is investing money. We have to make it absolutely clear from the beginning so that we do not spend the next four years arguing the issue, that we consider that if we have to treat investments in businesses as if we were voting funds in the Public Works or whatever, effectively we would have

difficulty in finding partners willing to do business with us on that basis and secondly it would inhibit the profitability and the opportunity of success of the business. What we have done is set up a Gibraltar Investment Fund, that Gibraltar Investment Fund will hold the Government shareholdings and that is a Special Fund which will have its income, expenditure and assets audited by the Government Auditor and will appear in the Auditor's Report, but as a holding organisation equivalent to a holding company. It will not be involved in the management of the companies in which it will hold shareholdings. Those are, if you like, investment decisions, just like today we have a situation where we have a number of Special Funds, whose assets are held in Guilt-Edged Stocks. However, it is the Crown Agents who decide what stocks we buy and what stocks we sell and there are no explanations given in this House as to why we have sold so many units of Greater Manchester Stock and bought Peruvian Railway Stocks or whatever. Those investment decisions are taken by the Crown Agents but it is still public money that is being spent. What we have done in this situation is that because of the timescale under which we have been operating, if we had had the Loans Empowering Ordinance in operation before now or if we had the Government Investment Fund functioning, we would not have chosen to raise the money for the Feasibility Study from direct Government expenditure. In future this will not be the normal practice. However, it was absolutely essential to take a policy decision on this matter because what the Feasibility Study is going to do is to look at whether given, labour costs, water costs, importation costs of building materials and the market value of the finished product, competition with existing components being used and existing building methods is it a profitable investment. Now our partners are only interested in proceeding with setting up the factory if the business is profitable and we are only interested as a Government if it is profitable. So effectively what we are doing, if you like, is each of us sharing a risk at the moment in carrying out an investigation. They are the people who will be running the factory and they will be the people responsible for the pricing, employing and the selling and we will be effectively the silent partners putting up half the capital but also being an important customer of the factory. Our housing is partly affected by this because we have to take decisions as soon as we know whether the factory is going to go ahead or not. As to the nature of the building contracts we give because if we can have a situation where we are able to supply the components for our own housing then we will build that into the contract with the builders that they have to buy the components from our factory at a given price. Now all these factors are of a nature that the people we are doing business with frankly do not expect that this is a matter of political debate or a matter which information is to be made available to third parties. The policy decision is does the House support that we should go down this road and as far as we are concerned we have a clear mandate to do this. We have a Manifesto that says, "If we go in, we will set up a Components Factory". We have got in and before we set up a Components Factory all that we are trying to figure out is, is it going to make money for us or not? If it is not going to make money, we will not do it. That is the end of the story. I will make

it clear now that in this and in other investments, we will give an explanation of what we are doing and why we are doing it. We are talking about hard commercial logic and nothing else but we are not prepared to give the information out to other parties nor will we get partners willing to do it like that. They are putting money in themselves it is not just our money.

HON A J CANEPA:

Mr Chairman, this £30,000 is not going into the Investment Fund, it is not coming out of the Investment Fund, I do not see what the relationship is between one thing and the other. The Government has a clear mandate to pursue its policy, I do not know what the role of the Opposition is in all this. Does that give the Government a right to come here to seek whatever funds they wish to and we are not entitled to ask. We are not entitled to have information in order to be in a position to judge, in the future, whether the appropriation of more funds is justified or is not. What are we supposed to do here listen for a quarter of an hour to Mr Bossano and then all bow down and say "Right, of course, we rubber stamp what the Government wants to do". If that is what, they think, is the purpose behind the House of Assembly, so be it, we shall become more and more irrelevant in the future and perhaps the Government will not need an Opposition in a year's time. We have a role to perform. There is information which we require to perform that role. The Government wants £30,000 of public money to carry a Feasibility Study. Perhaps that is justified, but we as Members of the Opposition must know, whether in the future the Government is entitled to come to the House and we should support their appropriation of further funds for such a venture. If we are not given the information, not even on an in-confidence basis, without the matter being debated here so that at least we can take a view on an informed basis, then obviously the role of the Opposition will before very long become totally irrelevant.

HON CHIEF MINSITER:

Mr Chairman, the Member opposite has been in Government since 1972 and in all the years that he has been in Government he has given less explanations that I have given in the last 15 minutes. I have given him the explanation in an attempt to explain to him what the policy is. It is far easier to simply vote and not answer which is what they use to do regularly. There were hundreds of questions put from the other side of the House, in the last sixteen years, where there was no answer, the Minister suddenly lost his voice and stayed down. We can play that game if that is what they prefer. We try to give them honest answers. There are hundreds of Government Reports paid out of public funds, not 50%, because this report is not 100% Government owned, it is 50% Government owned, there are hundreds of 100% Government owned reports in the sixteen years the AACR administration which the AACR has point blank refused to make available to anybody. The Leader of the Opposition has a colossal cheek to come and talk about the irrelevance of the Opposition.

HON A J CANEPA:

The Leader of the Opposition has not got any colossal cheek. He was a Member of a Government for sixteen years. The Honourable Member opposite was for sixteen years complaining about what the Government was doing and whether if enough information was being given or not. During a very large part of that time, he was the Leader of the Opposition. I never was the Leader of the Government. I think that he does me less than fairness not to accept that perhaps I was one of the most forthcoming of all Ministers during the last sixteen years in giving the Opposition reasoned explanations as to how I conducted my affairs in the Government. The Honourable Member opposite is an advocate of open government. By what standards does he judge what open government is? If he complains about what we were doing, is that what he is going to do? I think what is becoming clear in this, the first meeting of the House, is that what I said at the opening, at the Ceremonial Opening of the House, is being proved already. Open Government for other minority groups but for the Opposition there is no open government. The Opposition is just to be down-trodden and they will bulldoze whatever they want through the House and give us a bare minimum of information. We will therefore, Mr Chairman, not support this item.

HON CHIEF MINISTER:

Mr Chairman, I will tell him where the evidence of open government is. We intend to publish the Actuarial Report of the Social Insurance Fund and that will be the first time in the history of Gibraltar that that Report is published. The previous Government refused to do so for sixteen years. That Report, Mr Chairman, is paid 100% by Gibraltar. The Actuarial Report of the Social Insurance Fund, which is paid completely by Gibraltar, has never been made public and took a considerable amount of pressure to be made available to the Opposition in the past. I have already explained three times that this is not 100% Government owned. This Report is a Feasibility Study of a Company that is an International Company, doing international business.

HON A J CANEPA:

Mr Chairman, nobody knows who they are.....

MR CHAIRMAN:

Order, order.

HON CHIEF MINISTER:

If the Honourable Member wants to know the name of the Company although I am not sure.....

MR CHAIRMAN:

Order, order.

HON A J CANEPA:

What are their credentials, you come to the House talking about a Company.....

MR CHAIRMAN:

Order, order.

HON CHIEF MINSITER:

I have not given way. I will and then the Leader of the Opposition can do all his shouting. If what the Honourable Member wants to know is a brief of who the company is, that is not a problem. The Honourable Member is asking to be given a Report which is a Report about a business enterprise of which we are potentially half share-owners and there are the other half share-owners. He is not asking us to make available to him something that the previous Government, I take the point that he has made that within the Government he was the exception rather than the rule in terms of being forthcoming, that is a valid point and I accept the point that he has made and I also accept that perhaps his style of Government would have been more open than was the case in the last sixteen years. Fine, we are prepared to be completely open in anything where we as a Government are taking complete political decisions on political matters, like the Pensions, Insurance Fund or anything else. Not only will we give it to him, we will give it to the whole of Gibraltar. However, when it comes to a business enterprise which they, as an Opposition do not believe in the philosophy at all, when they attacked it only a couple of months ago as something that was going to be ruinous for Gibraltar, may only wish to pick holes in it at the expense of putting at risk the involvement of people who are putting up a lot of money and who expect to deal with a serious Government in a serious business fashion like they deal with Governments all over the world. These are people who are bigger than Gibraltar. We will give him all the details of the Company, who they are, what their turnover is, how many houses they fabricate a year, but what we cannot do is tell them how profitable the business will be in Gibraltar which this Feasibility Study is going to do. That is information that the people who are putting up the cash do not want to make available and he knows that, he knows that, because he defended that thinking in the 100% GSL. The Hon Member would not make public the Management Contract with A&P Appledore, which we are prepared to make public, no problem, it is no use to anybody anymore but we are making it public. We were paying 100% of that how, can he argue that there is a case now for going beyond anything that has ever been attempted before, when we are prepared to go as far as we asked him to go in the past?

HON A J CANEPA:

Does not the Chief Minister accept, Mr Chairman, that the public, let alone the Opposition, the public is entitled to know what are the credentials of this Company. What is their standing, who is the Government going into on a joint venture to set up a Components Factory on which public money is involved.



The public need to be told who we are dealing with, it may be a "tuppenny ha'p'orth" company or it may be, as he says, a very big company with perfectly good credentials, with great standing, well let the public know who they are. Put the minds of people at rest as to where the money is going into.

HON M A FEETHAM:

Mr Chairman, putting the minds of the people at rest, people's minds were very clear the moment they voted us into Government .....

HON A J CANEPA:

Mr Chairman.....

MR CHAIRMAN:

Order, order. You will speak to the Chair.

HON M A FEETHAM:

Mr Chairman, I have not given way.

MR CHAIRMAN:

Order, order.

HON M A FEETHAM:

I am trying to.

MR CHAIRMAN:

If you do not succeed, you will ask for the protection of the Chair.

HON M A FEETHAM:

Mr Chairman, perhaps the Honourable Leader of the Opposition's erratic moments have caught up with him today, the position is very clear. The Honourable Chief Minister explained it, very, very clearly. In fact, he went further quite frankly, Mr Chairman, than I would have done today. He went into great detail about the whole commercial and marketing approach that we are going into with these people. They have got more information about this particular consultancy than we in the Opposition ever got about any of the consultancies then went into. Let us be clear about that. The Building Components Factory forms part of the Manifesto of the GSLP and was put to the electorate and voted by them, that is why we are in Government. If you want to know the name of the company and the credentials and so on of the company, fine, we will pass that on to you. But to come here and question whether we should be investing £30,000 on a 50% Consultancy with these people and that the public have got a right to know, etc that is a lot of nonsense. The public will have a right to know. I have already said on more than one occasion that when we

are ready with our Development Programme, we will be coming out with a full statement. This forms part of our Development Programme. The Land Reclamation forms part of our Development Programme. Our discussion with the British Government on land reform is also part of our Development Programme. It is a strategy, it is not a piecemeal approach like the AACR have been doing for the last forty years, where we have Rosia Bay which you sold to the developer for £250,000.....

MR CHAIRMAN:

Order, order. Please sit down now.

Head 25 - TREASURY was agreed to with the Opposition voting against.

HEAD 28 - CONTRIBUTION TO CONTINGENCIES FUND

HON P C MONTEGRIFFO:

Mr Chairman, could I ask what the £100,000 as the contribution to the contingency fund is for?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman. The Constitution and the Public Finance (Control and Audit) Ordinance provides for the establishment of a Contingencies Fund to enable the Financial and Development Secretary to make payments in connection with projects which have not been approved by the House of Assembly and where there is obviously an urgent need to incur the expenditure. An obvious example would be the repairs to the distiller. The fund has remained unchanged for some considerable time, since the beginning of the 1980's, at a level of £200,000 and it was felt that this ought to be brought up to a level more in keeping with the fall in the value of money. Hence, it has been decided to raise the level to £300,000.

HON P C MONTEGRIFFO:

Mr Chairman, what we do not understand from this side of the House is if the Government's general approach this year has been to simply freeze all extra expenditure and not to make new provision unless absolutely necessary and unless there are other specific projects which these funds will be used for and which presumably the £200,000 would not cover, would not the extra £100,000 seem to be a pointless exercise? Am I right in saying there must be projects for which £300,000 are required. Because otherwise frankly it seems to be a redundant exercise?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not quite sure that I understand the Honourable and Learned gentleman. I think he may be making a political point rather than a financial one. Let us take a case in point, the repairs to the distillers as he will see from the

THE INCOME TAX (AMENDMENT) ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I do not think there is really a great deal I need say in terms of introducing the Bill Mr Speaker, or the general principles since I think it is self explanatory and indeed the Explanatory Memorandum explains it. The only point I would make is that clearly the enactment of the Bill will not of itself allow for any qualifying expenditure to be offset immediately. This will be subject to Rules which will have to specify, inter alia, the fact that relief will be made available on just purchase and not on subsequent transfer. Otherwise, one can imagine a merry old time being had with the Income Tax Ordinance. There will be other more specific rules and conditions in due course, in the light of the development of the Government's policy, on this matter. I commend the Bill to the House.

HON P C MONTEGRIFFO:

This Bill is, in fact, the first which offers incentives to investment in Government Joint Ventures, we take the view, which has been expressed before, that our position will be one which is cautiously positive because, in principle, we see the logic behind the Government's policy of one of incentives but being somewhat concerned as to the actual ventures and the terms under which members of the public are going to subscribe for shares, etc. So whereas, in general terms, we understand that if Government policy is to be given a fair chance on the economic side, we have said on this side of the House, that we are to be obstructive, we see this legislation as sensible within the economic programme the Government has set up. We, however, feel that without more details of what companies are exactly to be set up, we have had details of only two at this stage, the Reclamation Company and the Security Company we are unable to judge. With regard to the Bank, we are not sure whether it will be a Joint Venture Company or what public participation there will be there. Without really knowing in greater detail what type of rights investors are going to have in the shares because they could be all classes of shares and all types of entitlements, the Opposition is going to abstain on the legislation and take a 'wait and see' approach. We will express in general terms our understanding and broad agreement with the measure, bearing in mind Government's policy, and reserve its position on the practicality and the actual mechanics and other details until much more is known. That is

Warrant, the cost of repairing the damage is estimated at £280,000, but in fact, I only used the Contingency Warrant for expenditure of £100,000 because the payment was not needed all at once. When the House votes the money, it clears the expenditure which has been incurred and charged to the Fund and then the limit goes back to £200,000. However, we have felt for some time and although not wishing to make a political point, I remember the former Chief Minister, Sir Joshua Hassan saying to me that it was about time we raised the level of the Contingency Fund. It is purely a domestic housekeeping, financial housekeeping measure, there is certainly no political intent, as far as I am concerned, nor anything sinister behind this particular measure.

HON P C MONTEGRIFFO:

So as far as I understand it, it is not that the increase is in contemplation of works or projects which have now been identified by the Government as requiring those extra funds. It is just a pure book-keeping and in-house operation to put that fund at a more realistic level.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is correct, Mr Chairman. The fund is under the control of the Financial and Development Secretary and is therefore a housekeeping measure.

Head 28 - CONTINGENCIES FUND was passed.

PART II IMPROVEMENT AND DEVELOPMENT FUND

Head 103 - TOURIST DEVELOPMENT PROJECTS was agreed to.

HEAD 104 - MISCELLANEOUS PROJECTS

HON A J CANEPA:

Mr Chairman, I am glad to see that at least the GSLP Government, in respect of the dead, are prepared to be in agreement with previous AACR policy and have agreed to the provision of the resiting of the boundary wall and the construction of niches at the cemetery. At least it is comforting to know that we can agree on something.

HON M K FEATHERSTONE:

Item 23, Sir, what is the £7,900 intended for?

HON J C PEREZ:

That is a revote, Mr Chairman, for the purchase of a vehicle by the PWD.

HON LT COL E M BRITTO:

Item No.17. It seems to me that obviously a project has been identified that needs extra money for the improvement to sporting facilities and could I have some information on what that project is.

HON J C PEREZ:

That is a revote.

Head 104 - MISCELLANEOUS PROJECTS was agreed to and stood part of the Bill.

Head 105 - GENERAL SERVICES was agreed to and stood part of the Bill.

Head 107 - TELEPHONE SERVICE was agreed to and stood part of the Bill.

HEAD 109 - ELECTRICITY SERVICE

HON K B ANTHONY:

Mr Chairman, the Item on Waterport Power Station, this side of the House will be voting against this Item because this sum of money £268,500 is as a result of the blacking action taken by the TGWU.

HON J C PEREZ:

Mr Chairman, may I remind Honourable Members opposite that the blacking action took place when they were in Government and that they incurred this cost. Had they been in Government would they be voting against it? Is the Honourable Member trying to make political capital out of something which is totally the responsibility of the previous administration.

HON A J CANEPA:

May I ask the Honourable Member how they would have voted if they had been in Opposition?

HON J C PEREZ:

We would have voted against. Because we were totally against the approach taken by the previous Government which resulted in this situation and resulted in incurring this expenditure. However, if the Honourable Member wishes to vote against, fine, it is funds incurred as a result of the previous Government's policy. They have a cheek to come here and say that they are going to vote against it.

HON A J CANEPA:

If the blacking action of the TGWU had not gone on for as long as it did, last Tuesday's power cuts would have been avoided because No.3 engine would have been in commission well before.

HON CHIEF MINISTER:

Yes, unfortunately we were not in Government at the time and there was nothing we could do about it. The reality of the situation is that if the previous administration had not

brought Skid Generators last year, Gibraltar would have £130,000 more and if the Government of the time had not entered into the Agreements that it did with Cable and Wireless and with Gibtel, Gibraltar would have more money. Unfortunately for us, we are still trying to clear up all the rubbish that they left behind. What can we do about it?

Head 109 - ELECTRICITY SERVICE was agreed to with the Opposition voting against.

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

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

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

HON ATTORNEY-GENERAL:

Mr Chairman, I have the honour to record that the Specified Offices (Salaries and Allowances) (Amendment) Bill 1988; the Traffic (Amendment) Bill, 1988; the Post Office (Amendment) Bill 1988; the Police (Amendment) Bill, 1988; the Public Health (Amendment) Bill, 1988; the Social Security (Insurance) (Amendment) Bill, 1988; the Industrial Training (Amendment) Bill, 1988; the Borrowing Powers (1988-1992) Bill, 1988; the Income Tax (Amendment) Bill, 1988; the Stamp Duties (Amendment) Bill, 1988; the Penalty Rates Remission (Repeal) Bill, 1988; and the Supplementary Appropriation (1988/89) Bill, 1988, have been considered in Committee and agreed to. The Public Health (Amendment) Bill, 1988 Mr Speaker, was amended in Committee, the others were not amended by the Committee and I now move that the Bills be read a third time and passed.

HON A J CANEPA:

Mr Speaker, I would like to explain how we are going to vote. We are going to support all the Bills. We are going to vote in favour, except for three of them.

MR SPEAKER:

Which are they?

HON A J CANEPA:

We are abstaining on the Bill for an Ordinance to amend the Post Office Ordinance. We do not want to vote against this Bill because we recognise that postal workers should not be criminally responsible for taking industrial action to further a trade dispute. However, we think that it ought to be constrained to within the Government Service. We have so moved an amendment which has been defeated but we will not vote against because we think that basic rights are involved here and at least to the extent that we agree with their extension,

we are prepared not to vote against and therefore we will abstain. We are also going to abstain on the Public Health Bill because, in an amendment, the Government introduced a matter which is the removal of the 10% rates rebate with which we are not happy about and we are also abstaining on the amendment to the Income Tax Ordinance because we are adopting a wait and see attitude until we see what are the nature of the Joint Venture Companies in which the Government is going to offer the sale of shares. Other than those three Bills, we are voting in favour of the others.

Mr Speaker then put the question and on a vote being taken the Specified Offices (Salaries and Allowance) (Amendment) Bill, 1988; the Traffic (Amendment) Bill, 1988; the Police (Amendment) Bill, 1988; the Social Security (Insurance) (Amendment) Bill, 1988; the Industrial Training (Amendment) Bill, 1988; the Borrowing Powers (1988-1992) Bill, 1988; the Stamp Duties (Amendment) Bill, 1988; the Penalty Rates Remission (Repeal) Bill, 1988; and the Supplementary Appropriation (1988-89) Bill 1988, was resolved in the affirmative.

On a vote being taken on the Post Office (Amendment) Bill, 1988; the Public Health (Amendment) Bill, 1988, as amended, and the Income Tax (Amendment) Bill, 1988, the following Hon Members voted in favour:

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The Bills were read a third time and passed.

MR SPEAKER:

I understand that the Honourable Chief Minister wishes to make a statement and as parliamentary practice allows him to do so, I will call now on the Honourable Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, arising out of the situation involving Barlow Clowes International in Gibraltar and Barlow Clowes in the United Kingdom, Lord Young announced in the United Kingdom that the involvement of the Department of Trade and Industry in the United Kingdom and the extent to which they had acted in this matter prior to the recent collapse of the Company in the United Kingdom, was being investigated by an Independent Inquiry and this was announced in the Commons a couple of days ago. We, as a Government are concerned about the effects of Gibraltar's reputation and the fact that in our view, quite unjustly, a certain amount of the international press is pointing the finger at Gibraltar, as if it was Gibraltar's responsibility, when essentially, as I have already told the UK press on this matter, we tend to be guided by the reputation of the Company in the country of origin. If the Company is seen as a bona fide, reliable and reputable company in the United Kingdom, we ourselves tend to be fairly confident that it must be OK. In order to show that Gibraltar has nothing to hide and that the Government of Gibraltar would not wish to give any impression to the contrary, I approached Her Majesty's Government yesterday, to ask Lord Young to extend the inquiry into the role of Barlow Clowes in Gibraltar and to use the same independent person that was looking into the DTI in UK to look at Gibraltar as well. I think that it is preferable that it should be done like that, because that way if the result is, as I am sure it will, that the Gibraltar end of the operation really has been acting as a branch of the United Kingdom one and not vice versa, it is better that it should be somebody independent from UK saying so, than it should be somebody local, appointed by us. The UK press might think that a local person might be too involved in the local scene. I did not mention this yesterday because I was not very sure how it would be received by Lord Young, but in fact, I have received a cable today saying that they are grateful for the stand that we are taking in this matter and that they are looking into extending, within the terms of their reference of the inquiry into the DTI, what the DTI could have done at the same time as it was looking at the situation in UK to look at the position of the Gibraltar operation to see whether there was any negligence. As far as we are concerned, if there has been any negligence, the negligence has been at the UK end and if there is going to be any responsibility accepted at the UK end, then we believe it ought to be accepted in respect of the Gibraltar operation as well.

HON A J CANEPA:

Mr Speaker, we welcome this initiative on the part of the Chief Minister. I am sure the position is abundantly clear that the DTI would not have been able to extend its investigations to Gibraltar, other than at the request of the Gibraltar Government. They would not have been able to take such initiative themselves. I have received the report about an intervention of the Chief Minister on ITN News in the United Kingdom, where he explained precisely what he has said, that the responsibility lies at the United Kingdom end. It is a pity that we do not

get that ITN News in Gibraltar and the public has not had an opportunity to see the defence that has been made of Gibraltar's position. So we support the Government.

MR SPEAKER:

I understand that Mr Moss also wishes to make a statement.

HON J L MOSS:

Thank you Mr Speaker, I feel it is important that in this session of the House, which will be the last before the recess, there should be some indication about the major changes to the Education Regulations as regards the award of Scholarships. There are not any mysteries in the changes to Regulations, because it is quite clear what we set out to do. We set it out in the manifesto then we went to the electorate telling them that we were going to scrap the points system. This is essentially what we are doing. We have also introduced, if the Opposition does not mind my borrowing the phrase, a certain amount of fine tuning into some of the other Regulations, but the main thrust is scrapping the points system. The system will still be divided into mandatory and non-mandatory. The mandatory system has been improved to the extent that we will now be offering mandatory awards for degrees and degree equivalent. Many of these before were catered for the non-mandatory system. We feel that awards such as the Higher National Diploma should properly be covered by the mandatory system. This is in line with our general policy to foster the education in business activities in Gibraltar. As regards the non-mandatory system there is just a minor alteration here, which would allow the Government in fact to send people off to study in UK for courses which would be in the interests of the community. This allows us of course to scrap the clause which included any non degree course and it would allow us for example to send somebody to study for a higher degree if it was in the interests of the Government that somebody should undergo retraining in the United Kingdom. The other thing which I believe is an improvement is the fact that we will now be allowing people, mature students for example who sit for an exam in a particular year, to be eligible for a mandatory award. This is important because again, I think, there will be a very large element of re-training in the future and it will be important for mature people to be able to take advantage of this, if it is in the interests of the community. I would like to mention as well that these moves, I think, are going to prove highly popular and highly beneficial to the economy as a whole. There are no reports that students are slacking on their examinations, on the contrary, everybody is more relaxed working to pass their examinations, looking forward to have the opportunity to go to the United Kingdom and study. Thank you, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, I have a question on the non-mandatory, will they be governed on the numbers that are given on the mandatory system? In other words, if, for arguments sake, 100 mandates are given and the Government has made provision for 110

scholarships that means that 10 non-mandatory will be available or how is the Government going to be able to control that?

HON J L MOSS:

Mr Speaker, I have explained that there will still be discretionary awards. The discretion will now be on the basis of something which is in the interests of the community.

HON G MASCARENHAS:

Yes, but will they be limited on financial grounds?

MR SPEAKER:

Will there be a limited number?

HON J L MOSS:

I was coming to that, Mr Speaker. I mentioned at the first session of this particular meeting, that there would not be a financial ceiling. I know this was in reference to mandatory awards, but the same applies to non-mandatory awards. If there is a genuine need for us to send somebody off on a non-mandatory award, it will be done.

HON G MASCARENHAS:

Therefore, the Scholarships Committee will be the one that determines whether it is beneficial or not?

HON J L MOSS:

For the non-mandatory system, Mr Speaker, that is correct.

HON G MASCARENHAS:

Has the Honourable Minister any idea yet on the numbers for the mandatory?

MR SPEAKER:

I am afraid that you are entitled as this is a Statement, a Ministerial Statement, to ask questions for the purpose of clarifying the statement.

HON J L MOSS:

Mr Speaker, I have no objection to answering. Basically, we still do not know because people are still sitting their examinations.

HON G MASCARENHAS:

Mr Speaker, offers by Universities are made before the examination results are known. Do they have any idea on that?

HON J L MOSS:

Mr Speaker, most of these offers are conditional and until the examination results are known, the students will not know whether they have a place in a particular subject.

HON G MASCARENHAS:

Mr Speaker, I know they are conditional, but has he got any idea of the figures?

HON J L MOSS:

No, Mr Speaker, it is a purely hypothetical figure.

HON P C MONTEGRIFFO:

Mr Speaker, the revision that has taken place, I assume, still includes the provision regarding the undertaking to return to Gibraltar and the offer of employment to which the Minister previously referred to in the first session of this House. Is that staying as it was expressed in the letter of the Chief Minister to the 6th Formers or is that matter being reviewed as part of the overall revision that is still going on.

HON J L MOSS:

Mr Speaker, that still stands. I am afraid I did not mention it in my Statement because I was talking about major changes. That is what I would term as part of the fine tuning. The undertaking in itself has not changed, drastically, it is basically the same undertaking that has been held by previous administrations with a couple of minor words altered here and there, but that is more from a legal point of view than anything else.

HON P C MONTEGRIFFO:

Mr Speaker, I want to pursue this point. The reason that I mentioned it is that I am interested because in the letter that the Chief Minsiter wrote to the 6th Formers there was a fundamental departure from the previous undertaking in that the Government was going one better by offering employment, as opposed to saying you just have to come back. The point I would like to make within the revision of scholarship system is that if we accept that the Government view is there should be some parity of treatment for students similar to the UK equivalent. We are concerned that if you say, "I offer you employment", that there should not be a demand of employment, that is not an offer. If you say, "I do not want to come back" then you do not come back, otherwise it is "forced labour" as opposed to an offer of employment and it would not really be equivalent with the UK. We would be interested in seeing a parity of treatment at that level as well. You may give a scholarship to somebody, but then he has to come back, instead of an offer that is a demand.

HON CHIEF MINISTER:

The position, as I understand it Mr Speaker, is that every student that Gibraltar has ever sent to UK has signed an undertaking saying he will come back, if required, and therefore if there is an element of "forced labour", then the element of "forced labour" is not being introduced now. It has always been there.

HON P C MONTEGRIFFO:

It has never been actually enforced, Very rarely.

HON CHIEF MINISTER:

There have been occasions when it has been enforced, there has been occasions when it has been attempted to be enforced.

HON P C MONTEGRIFFO:

But do you agree with that policy, if you are looking at parity with the United Kingdom.

HON CHIEF MINSITER:

Yes. The view of the Government, which is the view that I put to the 6th Formers, is that what was unfair about the policy, was that it was a one-way street, that is to say, students were being told, if I want you to come back, you have to come back and if you refuse to come back, you have to refund the money that I have spent. However, I am under no obligation to offer you a job and the situation was that there were many people who I know from the years I was in Opposition who were very disappointed that they were told at the very last minute, sometimes when they were nearly taking their finals, do not bother to come back because we have not got a job. On the other hand there were people who.....

MR SPEAKER:

We are not going to debate. It is a statement of policy. There can be clarification that is perfectly in order. Nothing else.

HON G MASCARENHAS:

Mr Speaker, it has never happened at the stage where they were sitting their final exams, surely.....

HON CHIEF MINISTER:

I am talking about the span of time that I have been here. During that period I have certainly on more than one instance known of people who in the month of May or June, when they were in the point of doing their finals, suddenly got a letter from Establishment, it might not have been a political decision, saying there will not be a job for you when you come back. People complained bitterly about the timing, quite apart from the decision. Now what we are saying is, we are

not changing the system that existed, because we can see merit in saying to people Gibraltar is a small place, we want you to come back we are prepared to spend a lot of money in training you, but we expect you to commit yourself to come back and do three years for Gibraltar, to repay what Gibraltar has invested in your training. Now what we think is wrong, is that that should apply when we want that person to come back, but it does not apply when the person wants to come back. So we are extending the agreement exclusively, and this is what I told 6th Formers when I wrote to them, we are extending the agreement to the extent that just like we are maintaining the obligation for you to come back, we are also imposing an obligation on ourselves to provide you with a job. That is the extent of the change.

MR SPEAKER:

You can ask anything to clarify but we are not going to debate the policy or whether what the Government is doing is right.

HON G MASCARENHAS:

In the old system, the Honourable Member for Education will be able to answer this, there was a certain amount of flexibility. Can he confirm that flexibility will still be in-bred in the new system?

HON J L MOSS:

Mr Speaker, I am afraid I will have to be told exactly what kind of flexibility the Hon Member is referring to.

MR SPEAKER:

We are getting too deep in this; I am sorry, I think we should be able to debate the matter on a Motion.

HON A J CANEPA:

Mr Speaker, could I ask the Honourable Minister, whether he can clarify what exactly he meant by mature students being able to qualify for a mandatory scholarship under the aegis of retraining. Would retraining involve an approved course of retraining introduced by the Government or if a mature student undertakes private studies and he gets, after leaving school naturally, the necessary qualifications which are different to what he may have been studying for at school. For instance, if at school he was studying for the sciences and then a few years after leaving school, he decides that he wants to study law, is that person able to apply for a scholarship?

HON J L MOSS:

Mr Speaker, the second option is what I was referring to. It is not part of any re-training scheme as such. What I was saying was that somebody who after leaving school decides that he is now ready for study, goes to the trouble of being a private candidate, obtains a place in University, that person will be eligible for an award.

HON A J CANEPA:

We welcome this, Mr Speaker. We think it is a very progressive measure. The only thing is, is there an age limit on this or is a mature student..... Can the Honourable the Leader of the Opposition decide that he is now going to study Law?

HON J L MOSS:

Mr Speaker, the Government Benches will welcome that.

HON A J CANEPA:

Seriously, is there an age limit on anybody being able to obtain a place at the University.

HON J L MOSS:

Mr Speaker, if a ninety year old chose to do it, he could go.

HON LT COL E M BRITTO:

Mr Speaker, does that also mean, that a student who has in the past during his course of studies at school obtained sufficient qualifications but under the pointage system did not qualify, would that student now, irrespective of age, be able to apply for a scholarship on the basis of having obtained a position in a University or College of Further Education.

HON J L MOSS:

No, Mr Speaker, as I explained before, the amendments are being introduced now. If that person chose to retake his exams now, then he would be eligible to apply. Otherwise we would have no notion of the amount of people who could apply for such an award.

HON G MASCARENHAS:

If a student, for example, were to take up a course, for arguments sake, on computers and found out in the first year that it was a very hard course and he could not keep up with it and he requested to change over to a different course, would that be possible under the new system?

HON J L MOSS:

Yes, Mr Speaker, there has been no changes. If that is the flexibility to which the Honourable Member was referring to it has not been changed.

MR SPEAKER:

We now come to a Private Member's Motion.



PRIVATE MEMBER'S MOTION

HON A J CANEPA:

Mr Speaker, I have the honour to move in the terms of the Motion standing in my name, that this House:

- (1) Notes that Legal Advice obtained by the previous AACR Government indicates that Gibraltar's exclusion from the European Air Transport Liberalisation Package is challengeable;
- (2) Considers that it is important as a matter of principle to establish Gibraltar's Rights in this context as a Member of the EEC;
- (3) And urges the present Government to pursue with interested parties in the Tourist Industry the question of raising the matter in the Supreme Court of Gibraltar.

Mr Speaker, as I indicated at the Ceremonial Opening of the House on the 14th April, I am raising at this first working meeting of the House, the question of Gibraltar's exclusion from the European Air Transport Liberalisation Package. Sir, this is a matter which first acquired prominence in June last year, at a meeting held in Luxembourg of EEC Transport Ministers. At one stage matters appeared to be going quite well for the British delegation, the Spanish Transport Minister was apparently not being particularly difficult but then, Sr Jesus Esquerro, the then coordinator at Technical Talks on the Airport, judged that matters were perhaps going too well for Britain and Gibraltar and he sallied forth from Madrid to Luxembourg. There he shanghaied the Spanish Minister for Transport, hi-jacked the show and got the Spanish Minister to effectively block the deal by the use of a veto. The British Minister for Transport, Paul Channon, took a very clear stand in respect of Gibraltar. His view was that Gibraltar, as a member of the EEC, had a legal right to be included in the package. At the time and indeed shortly afterwards there was no indication that the official British Foreign Office view was any different from that of Mr Paul Channon. This only became evident some months later, in particular, when Mr Ratford visited Gibraltar that either:

- (a) The Foreign Office were taking a different view, or
- (b) Political reality was making them shift their ground.

By November, 1987, it had become clear that either Britain was not confident that the Danish Chairman of the Joint EEC Committee looking after this matter would go by a majority view, that he would agree to a majority decision being the deciding factor and if that was not the procedure to be adopted, Spain would continue to have effectively a veto by voting against or else Britain was not assured of a majority

amongst her EEC partners. Therefore if the Danish Chairman did put the issue to a vote, the vote would effectively be lost. So Britain went for the Bilateral Airport Agreement and this became, in December, to all intents and purposes the price to be paid by Gibraltar for inclusion in the Liberalisation Package. Honourable Members will recall that when the previous House debated the Airport Agreement last December, we the AACR Administration, through the amendment that we moved, committed ourselves to pursue this matter and to obtain specialist legal advice. The necessary steps were immediately put in hand and all the material requested by our Legal Adviser in Brussels was provided. As Honourable Members know, I made a public statement on the 7th March, once we had sufficient information by way of a firm response and that this advice in fact opened the way for Gibraltar to challenge our exclusion from the European Air Transport Liberalisation Package. I said in my statement on the 7th March, that I felt that Gibraltar should put this matter to the test, particularly if we were to forestall the possibility that similar tactics might be used against Gibraltar in the future in other areas. I then went on to say "I am not going to reveal the precise nature of the advice which we have received for the simple reason that I would not wish to undermine in any way the chances of pursuing a particular course of action successfully". I explained what the options were and stated that we were attracted by the third option and again reading from my statement, I said, "The third option also opens up the possibility for an affected party to take action through the Gibraltar courts. The attraction of this is that there is no time limit for such an action. It would also provide the necessary time for careful preparation and enhance the opportunities for presenting a considered and exhaustive case before the Courts". I think it is important to stress at this stage, Mr Speaker, that throughout I consulted and took advice from the Attorney-General on the legal opinion which we had received prior to my issuing that statement on the 7th March. Now Sir, we have consistently held the view that Gibraltar should put this matter to the test because it is important as a matter of principle that we should establish Gibraltar's rights in this context, as Members of the EEC. Additionally that we are to do this in order to forestall the possibility that similar tactics might be used against us in the future in other areas. We think that it is necessary to establish the principle of challenging the propriety or legality of Gibraltar's exclusion from the potential benefits of any EEC Directive or policy. If we do so, Britain and Spain and the EEC will realise, that we are no pushovers and that we are prepared to fight for our rights and then hopefully they may think twice, in the future, about treating us in the manner that we have been treated on this particular issue. It is essential that Gibraltar be allowed, at all times, to gain or to regain as necessary its position in order to determine its rights in this or in any other area, free from any extraneous conditions or from outside pressures. In my address at the Ceremonial Opening of the House, Mr Speaker, I stated and I quote "We are less concerned about the practical details of the issue, but rather about the vital principle underlying Gibraltar's right to be included in the package. We think that it is important to establish that

Gibraltar is not just a Member of the EEC with certain unpleasant obligations, such as those involving Spanish pensioners, but that we are also entitled to a share of potential benefits without having to agree to separate deals on the sidelines in order to obtain these benefits if we so desire". That is important, Mr Speaker, whether we desire to obtain such benefits or not. In other words what I was saying was that whilst we should not necessarily be over anxious about obtaining inclusion in the EEC package since there appear to be doubts, in any case, as to just how grand the whole thing is. We nevertheless want to obviate the risks that Gibraltar's eligibility to other EEC Packages or Directives could be blocked by Spanish tactics in the same way as has been done with the Air Liberalisation Package. We are fully conscious, Sir, on this side of the House of the need to find a comprehensive solution to the question of greater use of the Airport, since otherwise potential benefits could well be nullified by the problems of access, amongst others, leading to a loss of business by let us say, taxi drivers, transporters, and so on, who would be caught up in serious traffic congestion. However, these problems have to be resolved, in any case, if we are ever to expand our Air Services regardless of the future of the Airport Agreement. So, Mr Speaker, since the 3rd and preferred option for challenging Gibraltar's exclusion involves that the issue be raised in the Supreme Court of Gibraltar we urge the Government to accept the sense and the strength of our arguments and to hold discussions with interested parties. We hope, at any rate, that there are interested parties such as the Hotel Association, Travel Agencies, with a view to the latter pursuing the matter with such Government support and assistance as may be necessary. When he replies, Mr Speaker, apart from knowing what the views of the Government are, we would ask the Chief Minister, not just as I say what view he has formed about the legal opinion and about the important principles which are at stake, but indeed we would also be grateful, if he would say whether he has sounded out the Foreign Office on this matter and if so what attitude the Foreign Office takes. Mr Speaker, I commend the Motion to the House.

Mr Speaker proposed the question in the terms of the Motion as moved by the Hon A J Canepa.

HON J E PILCHER:

Thank you, Mr Speaker. I hope the Honourable the Leader of the Opposition will not be disappointed in that it will not be the Chief Minister that replies to the Motion, but myself in my capacity as Minister for Tourism, who has responsibility for the Airport and Civil Aviation. I feel, Mr Speaker, that for ease of reference, there is a need to explain, not only to the House, but I feel to the people of Gibraltar, in more depth, the different options open to the previous AACR Government, given the legal advice obtained at the time. Before doing this, let me refer to the legal position as expressed by Mr Ian Forrester to the Government of Gibraltar, the then AACR Government. At this stage, I would like to stress to the Opposition, as a whole, what the Gibraltar Socialist Labour

Party, the present Government, mean by open Government. We will be making public all the correspondence between Ian Forrester and the then Government of Gibraltar and any other legal documents which we feel the people of Gibraltar have a right to know about. I will now refer to them, but after the Motion, we will make them public so that everybody in Gibraltar knows exactly what the position was, what the legal advice was and what the options were. I think it is very important for the whole of Gibraltar, following the 'No Concessions' demonstration that the people of Gibraltar should have the right to know exactly what the position was. I think the initial reaction of Mr Ian Forrester was clearly that the situation, the Anglo-Spanish Agreement over the Gibraltar Airport, was challengeable. The best ground for challenging the decision was that it created a regime which is generally applicable throughout the Community and that the exclusion of Gibraltar Airport from the general principle established by the decision was not justified by any convincing reason. He then went on to give an expose of a similar situation, although not related to Air Transport, concerning a previous decision which the European Court had in fact reversed a decision similar to the decision applied over the Anglo-Spanish Agreement over the airport. This made it augur well, as far as Mr Ian Forrester was concerned, by having a precedent which the Gibraltar Government, at that stage, could file under Article 173 to get the Court to reverse and make illegal the Anglo-Spanish Agreement over the Airport. The parallel seen by Mr Ian Forrester could be applied to the Anglo-Spanish Agreement over the Gibraltar Airport of the 14th December. It propounded the general principle that flexibility and competition in the Community Air Transport System should be increased. It was necessary to redress economic disadvantages of air carriers as established in the peripheral Member States and other wholesome goals but without justification or legal reasoning state that the provision of the decision shall not apply to Gibraltar. It was not, as far as Mr Ian Forrester was concerned, enough that the people of Gibraltar or the Government of Gibraltar could, by amending the legislation, put the Air Liberalisation into effect for Gibraltar. As far as Mr Ian Forrester was concerned, in his initial reaction which he then later on states is the legal position, found that as far as the situation of the Anglo-Spanish Agreement over Gibraltar was concerned, it was certainly, as far as he was aware, and as far as he could judge, in his initial sounding, was not legal within the spirit of the Community. He then went on to give the Government of Gibraltar, at the time, and although I know that the Honourable the Leader of the Opposition, the then Chief Minister, I cannot remember if he was in fact Chief Minister or not, gave us, the then Opposition, the three options. Again for ease of reference, I need to go through the three options. The first option, which was in fact the most radical of the options, because it was in fact a public challenge, would be an action before the European Court in Luxembourg under Article 173 of the EEC Treaty. Such an action would need to be brought before the end of March, December 31st, plus fifteen days, plus two months, plus two weeks. Mr Ian Forrester's initial comments to the Government of Gibraltar, in early February, I think,

was that the option of a direct challenge under Article 173 had to be put into effect before the 31st March 1988. The second option was that an appropriate party ask the Commission, as a Guardian of the Treaty, to intervene to correct a breach of Community Law to the Council. I am not sure where such a step will lead but it would be less controversial and public, than an action under Article 173. The third option, was in fact the option expounded at the time as the preferred option, for the then Government, and we can see by the mood of the Motion that it is still the preferred policy, of the now Opposition and that this should be the policy to be pursued by the Government of Gibraltar. This third option was, that the Gibraltar Court hearing an action between any two parties would have a right to make reference under Article 177 to the European Court in Luxembourg for a preliminary ruling on the question of the Community Law presented by the action. Those were the three options. We however, need to mention something that the then Chief Minister did not go into in depth and that is the different legal opinions. On the one hand, in Gibraltar and the legal interpretations and advise that Mr Ian Forrester together with the soundings which I am sure the Government of the day must have made and which we have ourselves made after we came into Government on the 25th March. I think it is quite clear from the legal advice on all three sides, that certainly Mr Forrester had been right in his initial assumption that the direct challenge under Article 173 would be quite a formidable feat for the Government of the day. He did, in fact, say that before embarking on such a controversial cause of action, "I would earnestly recommend careful reflection in Gibraltar, careful soundings in London and the recognition and likely explosion of the wrath of Madrid. I must also in fairness, caution you, that the European Court is not in a very bold or radical mood at the moment and it is less easy than it was to persuade the Court to endorse politically attractive causes by legal reasoning". This, I think, was backed up by our own legal advice, which again said "as controversial, needing careful reflections and soundings in London. The present mood of the European Court does not encourage the taking of this action. There is a lack of confidence in the success of such a course, the decision to take this action has to be taken almost immediately as the action has to be commenced before the end of March". Mr Ian Forrester, himself, in a follow-up letter, very early in March, was in fact already advising that the time was fast approaching when a decision was going to have to be made about the situation of a direct challenge under Article 173. Although again he pointed at the difficulties pertaining to that particular course but at no stage was there any direct reference to the impossibility of the Gibraltar Government taking up the direct challenge and challenging the decision, under Article 173. Although he again raised similar formidable problems, "who would sue on Gibraltar's behalf, if the Crown did not wholeheartedly support such a suit. If the UK Government opposed the suit it would be extremely difficult to prove the action was properly raised" and so on and so forth. Of course, again very formidable advice and certainly at that stage very formidable decisions were required at the time. I am talking now about, late February early March. However irrespective of this advice the previous Government did not do anything at all on the

matter but preferred, I believe, to take the path so common to the previous AACR Government of pushing things into the future. In this particular case, like I think in many others, by that stage, the future was quite clearly one of a GSLP Government, and I think, that at that stage, they again pushed that particular problem, like so many others, straight on to the next administration, which by that stage they were sure would be a GSLP Government. However because of their inaction, they automatically did away with the possibility of direct action under Article 173. This action which would have had to be taken before the 31st March this year was obviously impossible for us, as a new Government, to even entertain since we came into Government on the 26 March and it would have been impossible to prepare the case in five days. Absolutely impossible, it took us five days just to look at all the legal advice, etc. This is why I feel that the Honourable, the Leader of the Opposition, of today, is playing to the gallery and is playing to the public, when he says that we should not allow the EEC, particularly Britain and Spain to think we are a pushover and that we should stand up and fight for our rights. Fine, the AACR should have stood up and fought for our rights irrespective of the fact that it was a formidable task that they were getting into because it would have proved to the rest of the world that Gibraltar was not a pushover, that irrespective of the tremendous difficulties that a direct challenge under Article 173 would produce for the Government of Gibraltar, but taking into account the fact that the then Government had the total backing of the people of Gibraltar, as shown by the 'No Concessions demonstration' and supported here in this House by the then Opposition and they could have proceeded with the action. I feel, Mr Speaker, that this is in fact the real background as regards the legal advice and as regards the possibility of a direct challenge under Article 173. Although I will move formally an amendment when I finish my contribution, I would like to highlight the fact that there will be certain amendments to the Motion, which will not be the amendments which we have experienced from the Opposition, where everything after "this House" was changed. I hope to be able to produce a more concrete Motion which actually proves and puts into perspective the history, if you like, of the different steps that should or could have been taken at the time. In Clause 1 there will be a change to say "notes that the legal advice obtained by the previous AACR Government indicates that Gibraltar's exclusion from the European Air Transport Liberalisation Package was challengeable under Article 173 until the 31st March 1988" that, I think, puts it into perspective. That was the first possibility the fact that it was challengeable under Article 173, but that we were unable, as a Government, to even entertain such a course because by the time we came into Government it was no longer possible. If I may now move to Clause 2 of the present Motion, I feel that there is one important difference in what the Honourable Leader of the Opposition wants to say in this particular clause, and our understanding of the situation, given that he himself has referred to the position of the British Government in June 1987. It is no secret that Mr Paul Channon after the fracas of the meetings in June made certain press comments. In fact on the 25th June, in Luxembourg, he actually stated quite clearly that the Government of Gibraltar, Gibraltar

itself, has a legal right to be included in that package and that the Government of the United Kingdom would squarely back Gibraltar's right to be included in the Air Liberalisation Agreement. I suppose that that could be seen as a reaction of the Minister for Transport, given out to the press after a series of meetings and clouded by perhaps, despair or perhaps impatience. I am not only referring to Press Statements, I am referring to an answer by the Foreign Secretary, himself, in the House of Commons where he referred to "the thing that we cannot contemplate is anything that undermines Community Law or undermines the legitimate right of Gibraltar as part of the European Community". That was the Foreign Secretary and the UK Government issued Briefing Papers to all the EEC Institutions and to all the European Members of Parliament in July 1987. This is where I feel the legal interpretation, the legal position of Gibraltar, under the Air Liberalisation Agreement is absolutely clear cut and with the leave of the House, I would just read through this, because I feel it is absolutely essential and important because it reflects the legal position of Gibraltar. "Gibraltar's status within the EEC is defined by Article 227.4 of the EEC Treaty as a European territory for whose foreign relations, the UK is responsible. Gibraltar is therefore covered by the Treaties. The UK Act of Accession specifically excluded Gibraltar from certain areas of community activity, the Common Agricultural Policy, VAT and the Customs Territory of the Community. As part of the acquis when she acceded to the Community, Spain accepted these provisions, thus apart from those areas of community activity which are specifically excluded under the UK Accession Treaty, all existing and future community legislation applies to Gibraltar. The problem over Gibraltar that arose during the recent negotiations of the Air Transport package is not therefore a bilateral problem between Spain and the United Kingdom but one that involves Spain challenging the applicability of Community Law to a territory covered by the Treaties". This goes on and on, I could be reading for hours, but as I say, since we are going to publish this, members of the public and the press will see that Great Britain, in issuing out this Brief, not to the Government of Gibraltar, not to any interested party directly, but to all the Community in July 1987 clearly said that Spain did not have a right of veto of the application of Gibraltar to her rights of the EEC Treaties and that the problem was thus not one between Spain and the UK, but between Spain and the Community as a whole. It has been clear since our accession that Community Law on Civil Aviation does extend to Gibraltar. That was confirmed by the Community's Legal Advisers. This is the United Kingdom Government issuing a brief to all EEC Institutions and to every single member of the European Parliament in July 1987. Therefore, Mr Speaker, again, I feel there is a need to amend Clause 2. Not to take away what I said in the beginning which is an important point in principle and which I think is the point that the Honourable Leader of the Opposition is trying to make about the need to establish Gibraltar's right in this context. Well, as far as the GSLP, as far as the present Government is concerned, those legal rights have already been established and are there as documentary evidence, in July 1987; and therefore I will be moving an amendment later on, to change that to say "Considers

that the right of Gibraltar, in this context, as a Member of the EEC, was publicly recognised by Her Majesty's Government in June 1987". Perhaps this is the stage where I should mention that the only available option now is to pursue it under Article 177 through an interested third party. I feel that it was at that stage, when Her Majesty's Government had clearly and the legal advice they had obtained, clearly showed that Gibraltar could not be left out of the Air Liberalisation Agreement, it was at that stage that the Government of Gibraltar should have shown the United Kingdom Government that they were not a pushover and should have insisted throughout that that was the position that should have been maintained by the United Kingdom Government. Not what we all saw the jibbering and jattering at the last moment which, I think, caused certain stirrings even within the then AACR Government. With regard to Clause 3, Mr Speaker, the present Government has already made it quite clear, that it would support the initiative of any affected interested party to raise the matter through the Gibraltar Courts under Article 177. However, the question of using a third party to actively pursue, what the previous Government did not have the courage to do, is, I feel, rather naive. Since no private company would risk challenging Community Law since in essence they would be challenging the United Kingdom and the Kingdom of Spain in particular, not to mention the other EEC countries who were a party to the Council's decision and who would and this is the advice that we have obtained from very high sources feel duty bound to defend the Council's position and therefore act against the interested party who was challenging the European Court under Article 177. We feel, and this is why we are not actively encouraging, and we have so informed the airlines, the hotels and if there is anybody that we have not informed, I am doing so now, that they have this option and that they would be supported by the Government of Gibraltar in this option. But that this option has a major difficulty and that if the Government of Gibraltar, of the day, did feel that it could not challenge it, I doubt very much whether a private company would find it in themselves to do that when at the end of the day they could be facing situations of boycott by other nations who feel that the Council's decision is being put in jeopardy. Again I have to stress, that not withstanding this, the Government would support any such action, and I will be moving an amendment to Clause 3 to read, "Notes that the present Government has made it clear to any interested party, in the Tourist Industry, that they can pursue the question of raising the matter in the Supreme Court of Gibraltar which has the right to make reference under Article 177 to the European Court". If I may refer to the advice, the soundings that we have had since we came into Government, from the United Kingdom, the first was that the time limit for a direct challenge under Article 173, to the European Court had now expired. With regard to the second option, which is the one that I have ~~not~~ really tackled because I do not think it is a feasible ~~option~~, a party trying to get the European Commission to change its mind on the Anglo-Spanish Agreement, that, I think, ~~was a~~ non starter from the beginning. But again the advice ~~was~~ that it was most unlikely that the Commission would be willing to take any kind of action related to making this ~~decision~~ unlawful. The third one, which is the

one that we are referring to now, is that it would be difficult for a third party, an interested party to take such action. In any case the advice was "that any court proceedings would have to be decided in the light of the advice of the Law Offices in the specific circumstances, since the United Kingdom is a party of the Council's decision, it is probable that HMG would be bound to defend the Council's position". Mr Speaker, I do not want to go on into too much detail, but I think I have given a good resumé and I must stress that I am making all these documents public, so that the people of Gibraltar know what exactly has been the history and what exactly have been the decisions that the Government then and the Government today can take and I feel that this has already been done by my contribution up to now. However, Mr Speaker, there must be some kind of intonation of what is the way that the GSLP is looking at the situation that we have at the moment. The only possible way forward is to work aggressively to open new routes into Europe and elsewhere. This formed part of our election manifesto, and to this end, I have had meetings with the Civil Aviation Authority in London and the Ministry of Transport in the United Kingdom who have confirmed that Gibraltar, since it is now outside the Air Liberalisation Agreement can continue to pursue its airport expansion under bilateral arrangements. The Government will continue to press the necessary Authorities for support to continue to apply for licences and traffic rights into Europe under these bilateral arrangements and to actively market, direct to airlines, the advantages of using the Gibraltar Airport. Time will tell, Mr Speaker, whether this strategy will pay dividends or not, but I think, it is the only possible option open today to the Government of Gibraltar. The expansion of the Airport using the bilateral arrangements which existed prior to the Agreement of the Air Liberalisation Treaty. I therefore feel, that the Motion would not be complete, unless there was another clause stating that position. So I will formally move the addition of a new Clause 4 to read, "Notes the policy of the Government of Gibraltar to pursue under existing bilateral arrangements the possibility of establishing new routes in Europe and elsewhere". This amendment, gives a much clearer picture of the history and everything that has happened since June to the present and does not depart from the theme of the initial Motion. I think that it is important because, I know that the Opposition are worried about the Anglo-Spanish Agreement and the question of the expansion of the Gibraltar Airport. I have therefore, not wanted to depart from the theme of the Motion but felt that the initial Motion was not quite clear and still left doubts in peoples mind about what was challengeable, when, how and why and where we could go on from here. I have now explained this and I think the Motion, as amended, sets in perspective, the past, present and the future of this particular problem. Mr Speaker, I move the amendments as already read in my contribution. Thank you.

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

HON A J CANEPA:

Mr Speaker, I will be very brief. I will not be long winded on the amendment and I can then exercise my right to reply.

MR SPEAKER:

Yes.

HON A J CANEPA:

What we cannot accept about the first paragraph, as amended, is the impression that is given by stating that it was challengeable under Article 173 until 31st March 1988, the impression that is given that it is no longer challengeable, when that is not in fact the case, so to accept that, I think would give the wrong impression.....

HON J E PILCHER:

If the Honourable Member will give way. It is in fact correct to say that it is no longer challengeable under Article 173.

HON A J CANEPA:

That is correct but by omitting to make any reference to the fact that it is still challengeable under the other two options is, I think, a dishonest impression, an incorrect impression, of the true position. So we are not happy about that amendment. If it were to state "was challengeable under so and so but remains challengeable....."

HON J E PILCHER:

If the Honourable Member will give way. Clause 3 in fact says that it is challengeable under Article 177, but it is no longer challengeable under Article 173 by the Government.

HON A J CANEPA:

On the second amendment, yes, statements were indeed made by British Ministers to the extent that Gibraltar was in fact to be included. History has shown that those statements have not necessarily been upheld and that the British Government has apparently, implicitly, shifted its ground and changed its tune. I will like the Honourable Mover of the amendment to tell us, in respect of the third Clause, whether the Government has made it clear to interested parties prior to April 22nd that they could pursue the matter or post April 22nd. I mention this because that is the date on which I gave notice of the Motion. In fact, I indicated on April 14th, that I was going to bring the Motion to the House, and therefore that I should be urging on the 22nd April, the Government to pursue the matter with interested parties in the Tourist Industry, makes sense in the absence of any information, at the time, as to whether the Government had in fact already discussed the matter or not. Finally, yes we have no problem about agreeing to the new Clause 4, the only thing is that we cannot help but point out to the real difficulties, as explained yesterday or the day



before on Radio by the Managing Director of GB Airways.

HON P C MONTEGRIFFO:

Mr Speaker, I hope to be fairly short. Firstly on the concept of Open Government which Mr Pilcher explained, I hope that they extend it to what the new Government does.

HON J E PILCHER:

Yes.

HON P C MONTEGRIFFO:

Most of Mr Pilcher's contribution, in my view, has been a post-mortem of the alternatives that existed, rather than the principle analysis of the problem that Gibraltar now has and the alternatives we now face. I think it is important that the House today looks at what it can do today rather than at what it might or might not have done in the past. Now the alternatives as we see them are really quite clear and if nothing this Motion should serve to clarify the views of Government and Opposition and make clear to the public, how this, House as a whole, considers the whole question of aviation and the future of the airport. The first option if we had accepted the Agreement is, I think, not a real alternative and has been discarded outright. But so has the second option of an outright rejection. I think, in the past, the impression given by the GSLP Opposition, was that they were for an outright rejection of the Agreement and in the course of the Campaign it seemed that their position seemed to be shifting. Maybe I am wrong, but the position now certainly is that it is not the priority of the Government to reject the Agreement outright. We think that that is a sensible way of dealing with the matter, we think that there will be nothing to gain by bringing a Motion to this House, saying "The Government rejects the Agreement". Having said that, Sir, the other option would be to leave things totally as they are, leave it on the shelf, not take a decision one way or the other and not to challenge it. That, we think, is not sensible because it would mean that Gibraltar can make no attempt to exploit the potential that the airport has, it very much leaves us sailing in an open ocean subject to whatever wind is blowing and we believe the question of aviation is so important, that there should be some decisive action taken, as opposed to just inactivity. The next option is that Gibraltar itself should take an initiative within the Agreement, which is that Gibraltar should say "we do not like the Agreement, but we are prepared to work within it to find other formulas". I do not think that serious consideration has been given to this alternative, politically, I do not think it is an attractive option necessarily, but, I think, it is one that is there for people to consider in general terms. The only other option then available to us is the possibility of challenging our exclusion from the package on purely legal grounds. This is

the avenue which my understanding tells me that the previous Government thought was preferable bearing in mind the situation as they saw it after the Agreement and hence the advice that was obtained from Mr Forrester. I think it is important if we have four or five options and we say "We think one option is the best". To grasp that option fully, this idea of not actively encouraging, nor actively discouraging is lukewarm language and I do not think this is what politics is made of. I think if we have an option and the idea is that is the option we prefer, well then, we fight that option fully, we do not say that is the option but we are more or less taking a half-way approach on it. Then let us go for the other option and leave the matter on the shelf, play things by ear, let us not challenge, let us not do anything but let it be clear that we are opting for that alternative. However, if we feel that Gibraltar has a right of inclusion, and the Hon Mr Pilcher is being very forthright in his view of Gibraltar's right to the community, well let us not dilly dally about it, let us not mince our words, let us not mince our politics, let us say, we think it can be challenged and we are going to urge private interested parties to take up that challenge. That is one of the reasons why the amendment especially the amendment to the third paragraph is really not sufficiently strong enough for us and we would like to see the Government accept a more positive role of urging interested parties to take action, if in fact the Government agrees that that alternative is the alternative that they prefer. If they come back and say no, I prefer inactivity or I prefer to do something else, well then we will respect that view although we may disagree. The point I am trying to make and perhaps I am repeating myself now, is that once we have agreed on an option, let us make sure we put all our weight behind it. I have to say something about Article 173 and Article 177 and the point I want to make, only, is that my understanding was that Mr Forrester, himself, very clearly advised that the option under Article 177, the option we are now talking about, and which Gibraltar can still take up, was the preferred option, so although technically the Gibraltar Government or some other agency of the Government could have challenged the decision before March 1988, under Article 173, Mr Forrester's opinion, formidable opinion, to use Mr Pilcher's words, was that Article 177 was the preferred option. So one falls into doubt as to whether there was really any element of negligence or recklessness in not actually saying, we prefer to do an Article 177 application rather than go on Article 173 when the advice was that under Article 173 was not the best alternative. Another thing, Sir, that is important to bear in mind is that we look at the whole matter very seriously in the context that the Airport requires development and I think the Honourable Minister has accepted, so we have serious doubts, although we support it totally, about the policy, of being able to expand the Air Terminal in Gibraltar without tackling the Agreement, the Airport Agreement, or the problem that it brings for Gibraltar head on. We had the Managing Director of GB Airways being interviewed yesterday on the radio, as Honourable Members may have heard, where again he was saying "we are going to extend the flights, but of course they are all Gatwick routes, Gatwick to Valencia, Gatwick etc" because we cannot get out of Gibraltar. If firms who have a strong commercial

incentive to fly to Gibraltar from other routes, cannot get round the problems, are we not blinding ourselves and misleading ourselves into believing that we can really develop that Airport without Spain putting pressure and stopping it. We have tried it and it has not worked and honestly let us be realistic about the pressures Gibraltar suffers and the fact that it is not just a question of saying "we are going to explore more routes" because Spain is going to put its foot down. And if the commercial people cannot get it off the ground, no Government Agency is going to do so. So, although we love in theory, Clause 4, which says "that the Gibraltar Government will pursue the expansion of the Airport" and we would love to see more flights we would ask them to consider whether that is in fact a very serious alternative to facing head on the problems that the Airport Agreement poses. One other matter, Sir, one final point I would like to make, is the question of principle. Quite outside from the Airport Agreement itself and Aviation. There is the point of Gibraltar's rights within the Community. The Honourable Mr Pilcher has taken the view that in a sense we do not have to confirm that because he has it so clear in his own mind that Gibraltar has all these rights with no problems. This is really what the amendment to the second Clause purports to make clear, that Gibraltar's rights are recognised by Her Majesty's Government. Well, the only thing that I can say to that, Mr Speaker, is that would be fantastic if that was the case, but it cannot be the case Mr Speaker, if in June 1987, the British Government says Gibraltar has the right and then in December 1987 they come up saying that despite these rights we are going to do something which is not in consonance with it. So again let us not blind ourselves thinking because somebody said something six months ago, it is now the case, when we know they have acted only three months ago, it is now five or six months ago, in a totally different way. In fact if you are going to give some weight to what the British Government says, surely we must give more weight to the way they acted in December by excluding us from the EEC package, than what they said in June because after all December is their latest opinion. They probably said, notwithstanding anything we said in June, we have now revised our view and Gibraltar cannot stick up for its rights. The point is, even if we have rights, the British seem to be ambiguous about them and if not ambiguous, they certainly do not seem to be prepared to go to any lengths to enforce those rights or to allow those rights to get in the way of their other interests as has happened in the case of the Air Package. That is why we feel, from the Opposition benches, that there is a very real case for questioning and establishing through a European Court exactly the rights that Gibraltar has. Because I am not satisfied, and I do not feel sure, in simply relying on statements made by the British Government, on this matter, which then are interpreted and acted upon in a totally different way subsequently. So I think the matter of principle still is important, Mr Speaker, and I will urge the Government to consider that, outside the terms of the Airport in itself, the question of Gibraltar's rights under the Treaty have to be established. We have all taken for granted that come 1992 and the bringing down of internal barriers, Gibraltar will have no problem within Europe. I have expressed my doubts on at least

one other occasion, in this House, in the First Session and I think, unless we have a very clear view from the Foreign Office today, saying "we are sorry about what we did with the Airport Agreement, in fact Gibraltar's rights were trampled over in that Agreement, you now have a complete open cheque from us that Gibraltar has full inclusion within the EEC and all the full benefits". I would like to see Gibraltar's position safeguarded. Therefore, for those reasons, Mr Speaker, I would urge that the Motion as it stands, originally, be considered by the Government to be the one that more accurately reflects what Gibraltar now requires. I personally have no difficulty with the 31st March 1988 Amendment. Although I think it simply is a post-mortem attack on the then Government but as long as it was made clear subsequently that it remains challengeable under Article 177 and I think it could be included in the first paragraph. The second paragraph, subject to what the Leader of the Opposition may say, in fact takes for granted something that we are concerned about, that requires clarification from our Courts. The amendment to the third paragraph, we think is lukewarm. We would like the Government, if they agree with us, that of all the alternatives this is the best for Gibraltar to pursue and that it should lead by example and put its weight behind it, rather than just tell people "you can sue if you want but I am not actively encouraging you". That is not positive leadership that is not what is required..... I certainly did not expect laughter, I expect some serious consideration. I feel that if it is important enough then the Government should throw all its weight behind it. If not well throw the whole thing out but do not tell us its a good idea to challenge it but we are not going to push it. For that reason we would like Clause 3 to have a sense of urgency, so that the Government has a duty to urge and then it is up to private concerns to do what they want. I think, we have no difficulty with the fourth Clause, the question of expanding our services, although, Mr Speaker, we are doubtful, we wish the Government good luck in expanding Air Services without the Spaniards, again, getting in our way.

The House recessed at 12.55 pm.

The House resumed at 3.15 pm.

HON M A FEETHAM:

Mr Speaker, I listened very attentively to the Honourable Mr Montegriffo in his contribution to try to ascertain exactly the points that he was trying to make. It seemed to me that it started off by defending a particular political view, which I will go into more detail in a moment, and then finished off at a tangent by contradicting his whole argument and at the end talked about the ambiguous position that the Government appeared to be adopting. Then he went on to talk about the principles at stake. The Opposition have no need to talk to us about principles, the Honourable Member does not have to talk to us about principles, because the question that we are faced with today, the question of the Airport and the question of the Air Liberalisation Agreement is quite rightly a question of foreign affairs, it is part and parcel of the



British Government's policy towards Gibraltar, not now, not in June 1987, but going back, way back, to the United Nations. When Britain was taking a particular position vis-a-vis Gibraltar, taking a very strong line on the question of the future of Gibraltar being a matter between Britain and the people of Gibraltar, and then started shifting their position, and the party in Opposition today, have been privy to this, because they have been the party that has been in Government for so many years and their leadership have been consulted on matters of foreign affairs on a confidential basis all along. Therefore, when we talk about the Airport, let us not talk about taking positions of principle today, let us talk about whether positions of principle have been taken in the past and which have led to the situation which we are facing today. No, I am not giving way. Therefore when we talk about the Airport, Mr Speaker, let us relate it to the position that the Government has in the past been taking on Gibraltar. Mr Speaker, the AACR accepted the Brussels Agreement and the Air Liberalisation Agreement, the problem arising out of the Air Liberalisation Agreement is related to the position that the British Government has taken with Spain, through the Brussels process, and which the Government, at the time, accepted. That is a point of principle. The Government accepted the Brussels Agreement. When we talk about the Air Liberalisation Agreement, you do not have to talk to us about the points of law. We know what the legal position is, you know what the legal position is. We were entitled to Civil Aviation Law, we have been entitled to Civil Aviation Law, not with the Air Liberalisation Agreement, we have been entitled to Civil Aviation Law since Civil Aviation Law exists in the European Community since 1983, when the first directive on Civil Aviation was introduced regarding Regional Airports. Therefore, when Spain entered the Community, as she did in 1986, Civil Aviation Law already applied to Gibraltar and she did not put any reservation against it and therefore the next stage of Air Liberalisation policy.....

MR SPEAKER:

With respect to you, are you speaking on the amendment?

HON M A FEETHAM:

Yes I am, Mr Speaker, I will explain why, where the overlapping comes in. Civil Aviation Law applied to us, but what happened inbetween when Spain put the veto. They put the veto for one simple reason, they realised that the Brussels Agreement, which you accepted, which the Government of the day, your party accepted, and which you still defend and which you defended during the Election, when you were defeated; let me remind Honourable Members opposite. The Brussels Agreement spoke about overcoming all differences, over Gibraltar, including the question of Civil Aviation, including the question of the Airport, and that was where the national interest of Britain and the national interest of Spain, as Member States arose. Britain who is responsible for Gibraltar's Airport, decided that it was more important that the Brussels process should continue and come to an agreement with Spain on the future of the Airport and omitting the Gibraltar

Airport from the Air Liberalisation Package. Let us be quite sure what the dispute is all about and let us be quite clear what this Government's position is. We discard the Airport Agreement. Do not accuse us of shifting our ground, we do not shift our ground. The Airport Agreement will not be passed in Gibraltar because we will not introduce the necessary legislation to make it effective. To put this in its proper perspective, the Joint Declaration on the Airport Agreement which excluded us from the Air Liberalisation Package starts off by saying, "The Minister of Foreign Affairs of the Kingdom of Spain, His Excellency Don Francisco Fernandez Ordóñez and the Foreign and Commonwealth Secretary of the United Kingdom, the Right Honourable Sir Geoffrey Howe meeting in London on the 2nd December 1987, taking into account.....

HON A J CANEPA:

Mr Speaker, on a point of order. What has the Motion or the Amendment have to do with the Airport Agreement. Where is it mentioned, either in the Motion or the Amendment. The Honourable Minister has spent 10 minutes talking on the Airport Agreement? I would understand it if he were making a reference to it, but we have been listening for the last ten minutes on him talking about the Airport Agreement. What has it got to do with the Motion.

MR SPEAKER:

Order, order, I take note. I have certainly called your attention as to whether you were going to speak to the amendment or to the general question. If you are going to speak to the amendment then you stick to the amendment and you say why you do not agree to the fact that the original motion should be amended as.....

HON M A FEETHAM:

Mr Speaker, Sir, I said I was going to speak once.

MR SPEAKER:

You did not make yourself clear. I asked you whether you were going to speak to both or to the amendment.

HON M A FEETHAM:

I said to both, and I am only going to speak once so when the Honourable Member, Mr Montegriffo talks about ambiguity and talks about matters of principle and shifting ground, this Government is not going to shift ground. We do not accept the Airport Agreement and because it has a direct implication to the Air Liberalisation Agreement is the reason why I am raising it. The Joint Declaration makes it quite clear. The Joint Declaration says, "taking into account the Joint Communique agreed at Brussels on the 27th November 1984, which established a negotiating process between both countries aimed at overcoming all the differences between them, over Gibraltar and promoting cooperation on a mutually beneficial basis on a number of matters including Aviation, taking into account also

the discussions within the Council of European Community about the European Community's proposal for liberalising Air Transport, understanding as a result of the conversations which have been taking place between the two Ministers that both Governments consider that greater cooperation of the use of Gibraltar Airport will be beneficial to both countries and for the population of Gibraltar and the Campo de Gibraltar etc etc have agreed etc etc". The Agreement excluded us, a Bilateral Agreement between two sovereign Members of the European Community, one of whom is responsible for our Foreign Affairs, one which is responsible for our Airport and arising out of the Brussels process, not from the narrow concept of whether we were entitled to being in the European Community. Of course, we were entitled to be in the European Community, and you should have challenged it earlier on, and you should have stood your ground on the Brussels process. That is where the mistakes have been made. Do not talk to us about shifting ground. We have kept our ground all along and therefore, Mr Speaker, let us be quite clear about why we are faced with this situation today. We are faced with this situation today because of the British Government's Foreign Policy for which most of the time the Party opposite, when in Government, went along with them in the context of the Brussels process. So it is no good now saying, "we need to challenge this, we need to challenge that". You should have been doing your job and you should have been challenging and showing leadership, which is what you have been talking about, the Honourable Member is talking about leadership, you should have been showing leadership, when leadership should have been given to the people of Gibraltar, when we were told things through the Spanish press and which were later confirmed.

HON A J CANEPA:

Is that not happening now?

MR SPEAKER:

Order, you shall speak to the Chair.

HON M A FEETHAM:

Mr Canepa, has the knack of getting into all sort of rages in this House. As far as we are concerned we are not participating in "confidential discussions". We are not going to be present in London, we are not going to be doing the sort of silly mistakes that have been done in the past. We know where our position is. We are not shifting ground, that is for sure. The Honourable Mr Montegriff ought to be quite clear that the Airport Agreement and the Air Liberalisation Package is all part of the same British Government position on Gibraltar. So instead of being negative and although you are supporting it, you are also questioning the possibility of expansion of the Airport in terms of European flights, whilst you should be doing everything possible, whilst you are in the Opposition, in every capacity that you have, in encouraging flights to Gibraltar and not being negative about it, Mr Speaker.

MR SPEAKER:

I imagine you will be speaking on the general debate.

HON LT COL E M BRITTO:

Like the Honourable Member opposite who spoke once only, on both the Amendment and the general debate, I Mr Speaker, like the Honourable Mr Feetham, have listened with great attention to what the Honourable Member opposite has had to say and I would first of all congratulate him, although I do not know whether congratulations is the right word, for managing to speak to us for about fifteen minutes on something totally irrelevant to either the original Motion or the amendments in question. However, it is to a certain extent symptomatic of the approach that I have seen, as a newcomer to this House, by the Government as a whole, in many aspects during the course of this Meeting. Not the irrelevancy, but the angle that has been taken in debate by the Government benches. It seems to me, with respect to the Honourable Members opposite, that the general approach appears to have been to miss the thrust of the original motion; to miss the positive approach which you urge us to take and which we have taken in this Motion and instead to offer amendments that effectively annul the thrust and attempt to put blame on the Opposition, or the previous administration, instead of either accepting the Motion or amending it in its original meaning. If you analyse the amendments closely, what it achieves, or what it sets out to achieve, is to do away with the basic thrust of the original Motion contained in Clause 2, "which is to establish, as a matter of principle, Gibraltar's rights as a Member of the EEC". It is an important matter of principle, I put to the Members of the Government. A matter of principle that if we leave now in abeyance, if we do not attempt to change, if we accept, could well act as a precedent, in the context of the developments expected 1992 and subsequently, or in any other context which could develop either in a situation affecting the Port or even affecting the Airport itself, again, in a different context. It seems to me also, with respect to the Honourable Deputy Chief Minister, that he lost sight of his own arguments by trying to score political points rather debate the Motion. I must admit that when he started speaking, in particular, when he was stressing the difficulties faced by the then Government, on the advice given by Mr Forrester on Option 1, that is taking the course under 173, I must admit, that I thought he was going to end up by accepting or agreeing that under Article 173 was not really a worthwhile course to take. Whereas in fact, he did a U-turn in his own argument, and ended up by blaming the AACR for not having taken action and not having proceeded on Option 1. An Option which he failed to point out, and it was subsequently pointed out from this side, that Forrester himself had advised against and Forrester himself had advised that we should opt for Option 3. In other words, what the Motion attempted to do, before it was amended. I think it is important to stress that, and that is what Forrester says, because the implications that the Honourable Deputy the Chief Minister made by making a great song and dance, about the fact that he was going to publish all the papers concerned, as if the papers hid anything, or

attempted, and I am not aware of all the contents of the papers, but as if attempting to point out that some crime, some negligence, has been committed. I think it is important to state that the conscious decision when it was taken for Option 3 was directly based on the advice contained in those papers. I think it might even be relevant to draw a comparison to publishing those papers with the situation that we had earlier on this morning, when we asked the Government to publish similar papers on the Feasibility Study and the arguments were used in reverse. I will not attempt to go through the amendments in detail because my colleague on this side has already done so, except to reiterate what he said that the amendments to Clause 1, imply that the course is no longer challengeable as has been amended. Similarly the amendment to Clause 2, in fact, completely misses the point of what the original Motion was setting out to do. We accept what the Government has amended in Clause 2, that the rights of Gibraltar were publicly recognised by Her Majesty's Government, but that is not the point in question, the point in question is, that those same rights should be recognised by the European Commission and not by Her Majesty's Government by itself. The deletion of Clause 3 and the subsequent amendment is not positive enough and all it achieves is a situation of leaving things as they are and hoping someone else will take action on it, and I will say to the Government that it is an almost ostrich like attitude to adopt. As we have said before with regard to Clause 4, we have no objection to it except that quite honestly it achieves nothing new or adds nothing new to the situation that we already know now. In conclusion, I will stress what I said in the beginning, that we feel, that to leave the situation as it is, where Gibraltar has been excluded and not to make any attempts now, irrespective of what the Honourable Mr Feetham said, of the past, the situation we are worried about is the existing one and the one projected into the future, rather than the history of the past, which whatever you feel about it, is there, and is past history. It has happened but the situation is a changing one, it is a continuing one, and is one that we have to be aware of and have to be aware of the consequences that can project into the future, and if we do nothing about it, then in three months time or in six months time, we will be coming round and saying, "you did nothing about it six months ago". Finally I will draw a comparison, for ease of reference, to that of a club. The EEC is the Club and we in Gibraltar are one of its Members, a sub-committee was appointed to organise something and that sub-committee excluded one particular Member, Gibraltar, from participating in an event. And if that club member does nothing about it and leaves things as they are, then that club in the future can organise similar events or do similar things and exclude that member, Gibraltar, as it has done on this occasion.

HON CHIEF MINISTER:

Mr Speaker, after listening to the AACR in Opposition, after having had to listen to them for so long in Government, I am unable to make up my mind whether a necessary qualifying condition of Membership in the AACR is, total absence of grey matter, or total lack of political integrity. How can Members

opposite stand up in this House of Assembly and say publicly the things that they are saying today, when in the week preceding the 24th March, they were telling the people of Gibraltar totally the contrary. How can they, do they think that people suffer from amnesia? The Honourable Member that has just sat down, says there is nothing secret about what we are making public and why all the fuss? And that Mr Forrester recommended against the Government going to the European Court. Does he not remember that his party, in the Election Campaign, defended going to the European Court and did not tell people, between the 17th and 24th March, that on the 1st March there was a letter from Mr Forrester saying "don't do it". Why did the Government not make it public then, why should we have to come, three months later.....

INTERRUPTION

HON CHIEF MINISTER:

Was it made public? In which statement? In what week of the campaign did the Government make public that the advice that they had, paid by Gibraltar, not a Feasibility Study on a factory, paid fifty fifty, paid by the people of Gibraltar, advice which the Government kept to itself and did not share with anybody else. Because they were studying the Agreement that they have participated in? The Honourable Mr Canepa went to London with Sir Joshua Hassan and Joe Pitaluga and came back and told us that they did not know whether it was good or bad, because they were studying it, and then they told us that they had taken Legal Advice and that the advice that they received was that it could be challenged. That was only half the story. They did not say we have legal advice, the advice is it can be challenged, and the advice is do not challenge it. The Honourable Members opposite sitting in this House before the Election were telling us, in the Opposition, Mr Speaker, I am sure you will remember, how expert Dr Hannay was. The famous Dr Hannay, they did not tell us that Mr Forrester had said that he had met Dr Hannay in Brussels and that Dr Hannay had told him to tell the Gibraltar Government that the British Government would block an application to the European Court. Or does the Honourable Mr Britto not know that? Do we need to give him a copy of that, as well, for him to find that one out! And Dr Hannay, we were told from the AACR sitting on these benches, was the top expert, the man that Mrs Thatcher called Mr EEC, well Mr EEC told Mr AACR not to go to the European Court because the British Government would not allow you and you were the people who were telling the people of Gibraltar, do not vote for the GSLP, do not vote for Bossano, confrontation with Britain. Well going to court, the Government of Gibraltar going to court, is confrontation with Britain. Now what is it that you are urging the Government to do? To tell Pegasus, Blands, Cannon Travel. I mean why bring a Motion, why not Cannon Travel, who is in fact involved in the travel business. So we say to Cannon Travel, "We in Gibraltar are too small to take on the British Government so why does Cannon Travel not take them on". We give leadership that way by stepping back and saying you do it private business and if as a result of that you get ruined, well at least we will give you the political leadership to get ruined. The reality of it is that if the Government of

Gibraltar felt that the correct thing for the people of Gibraltar to do, was to sue the British and the Spanish Government of the European Commission and the United Nations, we would not need a Motion from the Opposition, and we certainly would not pass the buck to somebody else, we would do it ourselves. The reality of it is that we have treated the Motion on its merits and instead of doing, as my colleague said at the beginning, what the previous Government used to do all the time, which we could easily have done, and which we still have the power to do. We have the power by the in-built majority of coming along and say right, "remove all the words after the words 'this House' and say what a wonderful Government the GSLP is, we warmly congratulate the Government for its policy" and pass it by a majority, and that will be the Motion which the Honourable Member will have to defend at the end of the day when he makes his closing speech. We are not going to do that. What we said is fine, can the thing be challenged? Well no, it is wrong to say that it is challengeable and not say that it was challengeable before the 31st March as a Government, and that now the Government can no longer do it. Let me say, to put the record straight, that in fact Mr Forrester questioned, who could do it, even before the 31st March. He said "first of all you have only got until the 31st March, secondly the British Government is not going to let you do it and thirdly even if you had longer and if they let you, it is questionable whether the Government of Gibraltar can do it, because it really ought to be done by an Airport Authority or by whoever is the owner of the Airport and the Airport is a military one". So there were all sorts of qualifications to our right to challenge. So it is not that he said Option 3 is better than Option 1. He was not being asked about Option 3, the private sector did not engage Mr Forrester, it was the Government of Gibraltar and the Government of Gibraltar asked Mr Forrester, is it possible for us to do this? And Mr Forrester said yes it is possible, but I do not recommend it. He then gave a long list of reasons why he did not recommend it, and the honest thing to have done before the Election was to have told people, "We have looked into the possibility of the Government pursuing this matter through the European Courts and the advice from our lawyers is not to do it". I am sure that the Honourable Mr Montegriffo will agree with me that if I go to him as a lawyer and he advises me not to sue, then I will be well advised to take his advice. If I go to a lawyer in the European Community and ask the lawyer whether he thinks I should sue him, he may say, "well look, you may have a fifty fifty chance of winning or losing, but I do not advise it". Of course, we can over-rule Mr Forrester and do it, but that is not what you go to a lawyer for advise. You go because he is professionally equipped to assess your chances of winning and losing and if he tells you not to do it, it is normally because he has assessed your chances are not very good. So that is now out, and that is why the first one has got to be put correctly for the record as the amendment seeks to do. The Opposition know already, because I have already told them, and I have said it publicly, that I raised this matter with interested parties before I went to see Sir Geoffrey Howe. Because I knew that Sir Geoffrey Howe was going to raise with me the question of implementing the Airport Agreement. The Honourable Mr Montegriffo is completely mistaken if he

genuinely detects a change of mood in the Government, it shows that his capacity of detection are certainly not in the Sherlock Holmes category.

HON P C MONTEGRIFFO:

I am not a detective.

HON CHIEF MINISTER:

Clearly not, I do not think a particularly astute politician either. If he needs a reassurance, then the Government of Gibraltar, if that is what he wants, the Government of Gibraltar is quite happy to move an amendment to this Motion rejecting the Anglo Spanish Airport deal. The Government of Gibraltar is quite prepared to bring a Motion specifically to reject the Airport deal. Something which he no doubt will vote against. If that is what the Opposition want us to do, because they think that it is best for Gibraltar, then they will no doubt support us. If it is not their view that that is best for Gibraltar then I ask them why are they urging us to do it, because they think it is good for the AACR or because they think it is good for Gibraltar? Which of the two is it? The reality of it is that Members opposite know and have known throughout, that there is no requirement to reject the Airport deal, because the Airport deal is not being imposed on Gibraltar, the Airport deal, done by Britain and Spain, rejected by the people of Gibraltar, including the people sitting on that side, who led a demonstration in November, rejected before it was done, by the people of Gibraltar, is unacceptable to the people of Gibraltar and should be unacceptable to them. I do not know whether they are still studying it and they have not yet made up their minds. But if they tell us when they have made up their minds, and if they feel then, that a decision has to be taken because they have finally made up their minds, let us have a unanimous Motion rejecting the Airport deal. We are ready to vote eight to seven now to reject it. As far as we are concerned we have said publicly on the 25th March, that the Airport deal will not be implemented by a GSLP Government. It is unacceptable. We asked the people of Gibraltar to vote for that in our Manifesto. I know that perhaps Members opposite, who belong to a party that has never bothered to pay any attention to commitments included in their Manifesto, may have difficulty in realising that we actually intend to keep to all of them. As they get to know us better, as a Government, they will realise that whatever they hear about the policies of the Government, all they need to do is to check back on the Manifesto and find out if it is there or not. Anything that is there is going to be done and in that Manifesto it says that the Anglo-Spanish Agreement is unacceptable and consequently the Anglo-Spanish Agreement will not be implemented by the GSLP and the GSLP will not introduce legislation. Now the AACR sat on the fence between the time of the demonstration and the time of the Election. I have to say that certainly when the matter was last debated in this House, the man who was most clear-cut on the issue, in the whole House, both Government and Opposition, was the Leader of the Opposition. I think he was more scathing in his comments

about Sir Geoffrey Howe's views, on what is a transit passenger, than I had ever been in all the time that I have criticised the British Government for their ideas on an Airport deal. I would have thought that today, that he is no longer constrained by the father figure in his party, he could give leadership in the AACR by coming out clearly and openly against the Anglo-Spanish Agreement. We have no inhibitions about saying it publicly. We oppose that Agreement tooth and nail and as a Government we are completely opposed to it today. There is a situation where the Gibraltar Airport is already included, as my colleague has mentioned, in the Inter-Regional Traffic and therefore the view of the Opposition that the right of Gibraltar needs to be established, in our judgement, and let me say it is a judgement that used to be quite frequently put by the AACR in Government and which quite often convinced me, when I was in Opposition, to change my view, is that we can do ourselves harm by questioning what is not being questioned. That the best way to protect our rights is by ascertaining our rights. I always remember the AACR arguing that those people who said that there was a distinction in the Preamble to the Constitution between the Territory and the People of Gibraltar were doing damage, by questioning something the British Government did not question. I have heard that argument many, many times. Our rights in Gibraltar, as Members of the Community, have never been challenged and I will tell the Honourable Member why. In 1983, the Directive on Inter-Regional Air Traffic was applied to Gibraltar without challenge and that Directive is still in existence, and today, under that Directive, without the Anglo-Spanish Agreement, we can put a flight from Gibraltar to a Regional Airport provided the aircraft is not more than 70 seats which is the condition attached to that Agreement and I can tell the Honourable Members opposite that I have had that officially confirmed to me by Geoffrey Howe and Lynda Chalker when I went to the Meeting. So the British Government accepts fully that we are inside the Air Liberalisation Agreement in respect of the 1983 Directive. We are not in the 1987 Directive, not because the EEC left us out, but because the British Government left us out. The British Government left us out because the British Government accepted the Spanish argument that there was a Bilateral Agreement signed in Brussels in November 1984, which effectively was in conflict with the provisos of the Air Liberalisation Agreement. Because it gave us rights on a route Gibraltar/Spain in which they had no say and the Spanish argument was correct. We may not accept it, but it was correct. The Brussels Agreement was an Agreement about eliminating all the differences and all the problems and one of the problems was that the Spaniards would not allow any Gibraltar flights, that was one of the problems, and that problem would have disappeared in 1987 without the Bilateral Agreement. Consequently the Spanish Government argued in Europe and convinced the rest of Europe, that the British position, adopted in June 1987 was very unfair, because they had already been talking about Bilateral Agreements. The AACR knows that from many years in Government before the rest of Gibraltar woke up to the fact they have been getting proposals on joint use and on the Air Terminal they know that. The Honourable Mr Montegriffo and perhaps other new Members may

not know it, but those who have been in Government know that I am telling the truth. That they have been floating proposals many, many, times in Talks. They have never supported it, but it has been there all the time and the Spanish Government went along to the other Community Members and said wait a minute, where am I going to be left in 1988. The Air Liberalisation Package removes all my negotiating cards and I have been talking to the British Government for the last eight years on this. Now suddenly you make it mandatory for me to grant landing rights in Madrid for flights from Gibraltar without our getting anything in exchange. That is not the purpose of the Air Liberalisation Package. You are undermining a Bilateral Agreement between two Member States. Now, the other Member States did not want any problems, they have enough problems of their own, and since the British Government was not prepared to hold the fort, the British Government went back to the other Member States and said "It is my Regional Airport, a British Regional Airport, not a Gibraltarian one, a British one, and I, the Member State choose to leave Gibraltar out". The parallel between that and the European vote is clear-cut, the European Parliament is not saying to us, we cannot vote, the European Parliament says, "It is up to the Member State to solve the matter of how you are represented in Europe". Now what we cannot understand, as a Government, is if all this is known to the Members opposite and there is no disputing the facts. How can they come along and argue here? The only assumption that one can put is that the Motion is not really about the Airport or Air Liberalisation or challenging anything or protecting anybody, it is in fact the consequence of the fact that they did not get into Government. If they had got into Government, things would have died a natural death like every other issue that they have ever handled in their sixteen years. Since they are now in Opposition, they feel they must be seen to be doing something. Well I can tell Honourable Members opposite one thing. The Private Sectors firms involved in Tourism and in Air Travel would not thank this House for urging them to go to Court. They do not want to go to Court and they do not want to go to Court because they are frightened of the commercial consequences, as they do not know what the risk of failure or success is, and because they do not want to foot the bill. It is as simple as that. The reality of it is that there are people in the private sector with the support of the Government testing today, their rights to run flights from Gibraltar to other European destinations. Going to court and challenging the authority of the British Government to exclude Gibraltar, because that at the end of the day is what we would be challenging, Europe has not excluded us, the Member State has excluded us. The British Government has said, "this Agreement will not apply to my Airport in Gibraltar". Just like the Spanish Government has said, it will not apply to my Airport in Malaga, and it will not apply to my Airport in Alicante and it will not apply to my Airport in Barcelona. Barcelona can argue that the Madrid Government should not have left them out and sue the Madrid Government. We cannot sue the British Government. We cannot do it as a Government anymore, that would have had to be done before the 31st March. Pegasus, Blands or whoever can do it. Well the information we have from them is that they do not want to be urged to do it. They know from us that just like we are supporting their initiatives

to have flights to other European destinations, we are supporting those initiatives politically, by sending a Minister along to give the support of the Government and to talk to the interested airlines and to say to the interested airlines, "we want to smooth your way and come to Gibraltar, we want you in Gibraltar". They are getting that kind of support, they know that they will also get our support if they wanted to go to court. However, they have told us that that is not what they want to do and if Members on the other side did their homework and talked to the affected parties, they would find that we were telling them the truth. We are not making it up. Gibraltar is small enough for them to check this information. These companies would not thank this House for a Motion that put the onus of responsibility publicly on them, when it is a political responsibility, not a commercial responsibility. It is a political responsibility that lies fairly and squarely on the shoulders of the previous administration. If in a year's time, there is a situation where we are faced with a new problem, arising from a policy decision taken by us and it turns out to be the wrong one, fine, we will have to live with the consequences and face up to it. But in this, as in many others, we are having to take decisions in the knowledge that the Government of Gibraltar which took these certain decisions is today us. Whatever was decided on the 24th March, whether we like it or not, we have to defend on the 25th March, because in law the Government has not changed. The people that make up the Government have changed, but it is still the Government of Gibraltar and legally we are still responsible. So the advice that the AACR administration got on the 1st March, was the advice to the Government, and that is the advice to us now and that advice tells us not to do it and told them not to do it and we are making it public so that everybody can see it. So that everybody can see that at that time when the AACR was publicly telling people, "we must not rush into this because we can still go to court", they were being told from day one not to do it. From the first answer to the first letter on the 19th February which referred to a letter sent by the Government in December, they were being told not to do it. "The question you raised is of great difficulty both legally and politically". This is in answer to a letter of the 17th December written by them. What were you telling the people of Gibraltar in January and February and March? The total opposite and you have got the cheek to come here now and tell us that we seem to be changing. Come on, you cannot get away with that in Gibraltar, we are too small and we all know each other too well. We have come up with amendments, which will be passed by a Government majority and which effectively put the situation as it is today. A situation created by the wanton disregard for the welfare of our city by the AACR, whose sixteen years of Government is like a leadweight hanging around the necks of our people and which we are trying to get rid of. That will take us regrettably longer to put right than we thought on the 24th March. But put it right we will and by 1992 people will look back to 1988 and curse themselves for not having got shot of them before, Mr Speaker. I commend the amendment to the House.

MR SPEAKER:

Are there any other contributors either to the amendment, as moved, or to the general question before the House? I will then call on Mr Pilcher to reply to his Motion to amend the Motion that was moved by the Honourable the Leader of the Opposition.

HON J E PILCHER:

Mr Speaker, there is very little to add after my initial contribution and particularly after the contribution of the Honourable Chief Minister. I feel that there are a couple of points which have been raised in debate by members opposite which I think need an answer, particularly the comments made by the Honourable Lt Col Britto, when he said that in my contribution I was trying to score political points. Let me reassure, the Hon Member, that as a politician part of my life is trying to score political points. However when I am in the House and when I speak in the House, I try to do it in the manner which my conscious dictates and not to score political points. I feel that quite the opposite is true and I must stress what the Honourable Chief Minister has just said that some of the Members Opposite do not have the experience of being in the House before and therefore the background of having heard the positions, as they were before. Although I have seen some of you in the public gallery. If I remember correctly the situation when the Anglo-Spanish Agreement was signed in December and which created quite a stir not only in Gibraltar, but particularly among the ranks of the GSLP and we brought to the House a Motion of outright rejection, the Members opposite who were then in Government told us that there was no hurry. What was required was to monitor the situation not to jump in with both feet. Why the hurry? We could just sit back. There was no time limit and that Gibraltar should not get itself in a situation where it did anything in a precipitated manner. Now we hear the Honourable Mr Montegriffo saying quite the opposite, because what he has been saying is that we have to act now because what we cannot do is leave things as they are! Well why cannot we leave things as they are?

HON P C MONTEGRIFFO:

I am not saying that we have to do something in terms of either challenging or taking an initiative on the Agreement or whatever. What I am saying is that we have to decide what we are going to do. If the Government view is that we should do nothing then say "No, I throw out your motion". "We think we ought to do nothing". But let us not say, that we agree that it is challengeable, tell people that you can challenge it, but that you are not really going to pursue that with any zest or enthusiasm. That is what I am saying.

HON J E PILCHER:

I am sorry. I am not normally so blunt. But it appears to me that the Honourable Mr Montegriffo either cannot read or does not understand. Clause 4 says what we are doing. The



new Clause 4 states: "That the Government of Gibraltar, who is not going to do anything at all to implement the Anglo-Spanish Agreement is at the moment actively pursuing under bilateral arrangements, new destinations in Europe and elsewhere", and somewhere in my contribution, I said "whether that shows at the end of the day results or not is yet to be seen". It is not that we are sitting back and doing nothing. What we are saying quite clearly in the amendment that I put is (1) It was challengeable, but it no longer is under Article 173; (2) We know that as far as Gibraltar is concerned we should be a part of the Air Liberalisation Agreement and perhaps if the GSLP had been sitting on this side, in October, perhaps we would not be in this situation. Because we all know that sometimes Gibraltar was pushed into a corner because of the tacit approval of the AACR Government who were far too soft in their approach to matters with the UK Government. We all know that Gibraltar was flabbergasted when Sir Joshua Hassan came back to Gibraltar the day after the Anglo-Spanish Agreement and seemed to be defending the position of the United Kingdom Government and saying to the people of Gibraltar "It is not such a bad Agreement after all". So if that was the message that the British Government were getting in their negotiations, perhaps that is why they thought they could sacrifice our rights because at the end of the day, like has happened, many, many, times in the history of Gibraltar with an AACR Government, we have sacrificed our rights under the banner "Let us not rock the boat and let us not confront the British Government". It is not a question of confronting the British Government, it is a question of defending your rights and fighting for what you believe to be true and perhaps and I say, perhaps, because obviously there is no way that we are able to prove whether it is true or not. Perhaps in October had the GSLP been in Government, we might not have an Anglo-Spanish Agreement today. However that is a matter obviously that has to be left in the air. I must however stress, Mr Speaker, that when I moved the amendment, I had at no time, any intention of moving drastically away from the theme of the Motion, nor scoring political points. The addition of Clause 4 was in fact to say to the Opposition and say to the people of Gibraltar "this is what we are doing". As I have said in my contribution, I have already had meetings with the Civil Aviation Authority, and with the Ministry of Transport who have confirmed, as the Honourable Chief Minister has said, that we can continue to try and expand our Airport under the Bilateral Agreement and under the 1983 Agreement. On the one hand we are doing that and on the other hand meeting airlines directly to try to expand our Airport. Time will tell whether that is possible or not and if it is not possible then the Government of Gibraltar will have to look again at the situation and see where we go from there. Mr Speaker, I commend the amendments to the House.

HON A J CANEPA:

Thank you Mr Speaker, I will like to deal first of all briefly with Clause 4 which has been added to the original Motion. This is the question of pursuing through existing bilateral arrangements the establishment of new routes in Europe and elsewhere. Having regard to what we have heard from the Chief Minister, it seems that that is going to be done in the context of aircraft of less than 70 seats. We wish them every success

in getting more and more flights by Viscount Aircraft out of Gibraltar to Frankfurt to Geneva and to points further north and if they are not going to use a Viscount, then I suppose there is always the De Havilland - 8, which is a forty seater or perhaps an 8 seater Executive Jet. We wonder how much that is going to do for the expansion and improvement of Air Services out of Gibraltar. However we will vote in favour and we wish them every success. The first half of the Chief Minister's contribution, Mr Speaker, was not a serious contribution at all. The man was completely off the rails and we have seen as evidence of that, his strange interpretation of the advice that Ian Forrester has given and how his interpretation that Forrester really advised us that the matter was not pursuable, how that can be reconciled with the third clause in the amended Motion, Mr Speaker, beats me. Because the third clause says: "Notes that the present Government has made it clear to any interested party in the Tourist Industry, that they can pursue the question of raising the matter in the Supreme Court of Gibraltar, which has the right to make a reference under Article 177 to the European Court". What is the point of all that? If according to the Chief Minister, Mr Ian Forrester says that it is not pursuable. This is just another instance of what I have been saying over a period of time, of the Chief Minister making complete ascertions, making an on the spot assessment and then acting, not accordingly, but acting in a strange manner. When we took advice and we received Mr Forrester's letter of the 19th February, I did not rush to the other Minister and said, "look, what marvellous advice we have received, this is what we were looking for, now we can really do something about it". I took objective, independent official advice, on Forrester's advice. I am going to quote what the official advice that I received was. First of all from the Administrative Secretary to me. "Forrester's letter of the 19th February is helpful in more ways than one. The first point is obviously, that you now have specialist legal advice confirming that the exclusion of Gibraltar from the EEC Air Liberalisation Package is challengeable. The difficulty is timing and deciding who challenges the Council's decision. Of the three options, the first looks the more solid, but clearly as Forrester points out the most controversial. You would also be tight on time. Option two is rather unclear and you are basically passing on the burden to a second party straight away. The third seems to be a more practical course, but is bound to take much longer. My preliminary reaction is to pursue the matter as follows. (a) Send the papers to the Attorney General for his views, particularly, on the practicalities of option 3. If necessary he can consult Forrester by phone or FAX". Later on, Mr Speaker, in this my winding up intervention, I am going to quote from the advice that the Attorney General gave me before I even discussed the matter with Ministers. I have known for many years, Sir, about the inability of the Chief Minister to be objective about anything to do with us. But at least in the past he has been a man who has, to a reasonable extent, had facts at his disposal. He has tried to be factual, he has tried to be accurate, but not on this occasion. He has been totally confused. I think he has had a complete lapse of memory and I am going to quote a date as to why I can say that and all of us wonder is whether the strains of office



are not already beginning to tell. He said that we had come back from London, the then Chief Minister, Sir Joshua Hassan, Joe Pitaluga and myself, that we had come back from London saying that we had got legal advice that this was challengeable. That our exclusion was challengeable. What nonsense. We came back from London in December 1987, we got the legal advice telling us that it was challengeable on the 19th February. The Chief Minister is totally confused. I think he has taken leave of his senses. Then he said that during the week, immediately before the general elections, from the 17th to the 24th, he said, "we defended the Airport Agreement" and "we defended the Air Liberalisation Package". I do not recall either I myself or any of my colleagues during that week of the General Election saying a word about the Airport Agreement or about the Liberalisation Package. We defended the Brussels Agreement, but the Airport Agreement or the Liberalisation Package simply were not issues, during the Election Campaign. And again all that I can put that down to, is to a lapse of memory. But let me tell the Chief Minister that if he wants to bring a Motion to this House rejecting the Airport Agreement we are game and I have no doubt as to where I stand on the matter and I think he knows perfectly well where I stand on the matter. And he has indicated as much here today, I will not shirk a vote on the matter. So at the next Meeting of the House, I challenge him to bring a Motion on the Airport Agreement and we will not sit on the fence. Let us make that clear. Mr Speaker, Mr Feetham spoke for about fifteen minutes about the Airport Agreement. I realise that Mr Feetham is labouring under one great difficulty, and that great difficulty is the man who is about to leave the Chamber and that is Mr Pilcher. He has to try to shine where Mr Pilcher shines. That is natural. And therefore we were subjected to a diatribe for fifteen minutes telling us not tell them about the legal position. They know perfectly well what the legal position is. Why do we have a problem then? I wish we all knew that clearly what the legal position is. What is the problem? Why is the Air Liberalisation Package not applied to Gibraltar? Why does Britain say and is able to say we are not going to include our Airport in Gibraltar in the Air Liberalisation Package unless the members of the House of Assembly pass legislation exempting passengers, they do not need to be Spaniards they can be others, from Customs and Immigration Control. Why is that the position? Really, I think Mr Feetham is a disappointment, Mr Speaker. I did not hear one single good speech from him in the four years when he was on this side of the House and I think we are in for the same thing over the next four years. Mr Pilcher made reference to soundings, that we should have carried out certain soundings. I have explained how on the 19th February, the first thing that I did was to take official advice from the Administrative Secretary and from the Attorney General. I then called in my colleagues, they saw the advice from Forrester, considered the advice of the Administrative Secretary and of the Attorney General and the decision that we took was reflected in the statement that I made at the Press Conference of the 7th March. Between 7th March, or immediately after, that Press Conference, I had a meeting with Mr Joe Gaggero, who came to see me immediately on behalf of Gibraltar Airways, to put his views to me. And yes, he made it clear, that as far as they were concerned GB Airways, they would not

wish to have to take the matter to court, for a variety of reasons, which Honourable Members opposite know and is not totally relevant that we should go into it here. I then questioned him about the possibility of the Hotel Association which is not in the same vulnerable position as the airlines are or as Pegasus are, for that matter, because Pegasus have got connections outside Gibraltar and these are very vulnerable. But the Hotel Association, all the hotels are within Gibraltar, or other Travel Agencies. I put it to him that perhaps the Hotel Association could give further thought to the matter. That was on the 10th or 11th March. Within a fortnight we had a General Election and that was the end of the matter. There was no time certainly, to consult the Foreign Office, to put Forrester's advice to them and ask them for a view on the matter, it was just not possible. The advice that I had from the Attorney General was that to pursue the first option, that of contesting the matter directly in the European Court in Luxembourg, forgetting for one moment the controversial aspects referred to by Forrester vis-a-vis the British Government in London, that that required a certain amount of time if a proper case was going to be made. In fact, in order not to weaken our case, at any rate, I was advised, "do not make public, at this stage anyhow, Ian Forrester's advice", because you may be giving the game away about the line that any interested party from Gibraltar might be taking in legal action in the Supreme Court to try and support their arguments. That is why we did not make the legal advice public, because of the advice that I had received on the matter. If we had rushed into the matter and made a direct approach to Luxembourg, if I had disregarded the advice of my top officials, no doubt, if that action had then been unsuccessful, the GSLP would now be accusing us of having acted hastily. There had been no opportunity to consult them. It was not as if we could bring the matter to the House and have it debated here, because the House had been dissolved. We were in the throes of an Election Campaign and what opportunity was there, realistically, for the Government to seriously consider pursuing that course of action. But as I say, had we acted in that manner, the accusation would have been made that we were irresponsible and that we had not had enough time to prepare a proper case and that we should have pursued option 3 because that was the one that gave us more time to build up a case and so on. In any case, if there was going to be a change of Government, we would have been pre-empting the freedom of the incoming Government to take a decision on the matter. So we acted responsibly, my conscious is absolutely clear on the matter, bearing in mind to the circumstances in which we were in and having regard to the advice that we had received. Let me come now to the advice of the Attorney-General. He says - "In coming to this view, that is the view of favouring option 3, I deliberately ask you (this is to me), not to give me either your own views or those of the Administrative Secretary. Nor do I know the views of Council of Ministers or the views of the Gibraltar Airlines, Travel Agents or other 'disadvantaged entities'. My reasons for favouring option 3, are as follows:

(A) Option 1 is obviously not to be considered;

- (i) It is described as contraversial needing careful reflection and careful soundings in London;
- (ii) The present mood of the European Court does not encourage the taking of this course of action;
- (iii) There is a lack of confidence in the success of such a course of action; and
- (iv) The decision to take this action has to be taken almost immediately, as the action has to be commenced before the end of next month.

(B) Option 2 would leave the matter in the hands of the Airlines. This is asking the Commission to make a declaration of illegality. Travel Agents or other disadvantaged entities to ask the Commission to correct a breach of Community Law committed by the Council. Such a course is all well and good, but politically, you may feel that if anyone is to challenge an alleged breach of Community Law, it should be the Government of Gibraltar and not be left to private companies or individuals. For the Government to take such a course of action would also probably necessitate and he quotes Forrester; "careful soundings in London". In addition there is uncertainty where such a course of action would lead. The views of the Commission on Article 16 of Council decision 87/602/87 are unknown; and

(C) Option 3 has little or no political content. The reference to the European Court would be a decision of the Supreme Court of Gibraltar.

And then he goes on to explain the practical steps that would have to be taken. I think that for Mr Pilcher to accuse us of irresponsibility, to say that during those three weeks or less than three weeks prior to the day of the General Election, for us to have acted in the way that we did, that this was consistent, he said, with everything that the AACR have done which is to shelve problems and leave them for other people, I think, that that is less than fair. If Mr Pilcher is objective and I give him a little bit more credit for objectivity than just the fact that we are politicians on the opposite side of the House, I think, he will perhaps reflect, when he makes an examination of conscious, that he has hardly been fair to the Party that they have so soundly defeated at the Elections. So why continue to beat us over a barrel, in this manner. I think that the strong legal advice that we received coincided with my own views and with the views of the Administrative Secretary and then Ministers unanimously agreed to the proposed course of action. I am not disappointed, Mr Speaker, about the results of the Motion. Mr Bossano did not give up when all the words after "House" were deleted and I do not propose to give up, particularly, when we have been rather more successful, with this the first Motion that we have brought to the House. I am frankly disappointed, and I would not be the kind of person that I am, if I did not say so, at the

attitude taken by the three speakers on the Government benches, who have spoken and about the contemptuous manner in which they have dealt with the Motion, the pure party political stand that they have taken, the distortion of facts that there has been, particularly from someone who normally does not do that, who may put a different interpretation on matters, but does not go out of his way to distort, historical and factual matters, in the way that he has done today.

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

The Hon K B Anthony  
The Hon Lt-Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

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 L Moss  
The Hon J C Perez  
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon E Thistlethwaite  
The Hon B Traynor

The motion was accordingly defeated.

Mr Speaker then put the question in the terms of the Hon J E Pilcher's amendment to the motion presented by the Hon A J Canepa as follows:

1. The deletion of the words "is challengeable" as it appears in the third and fourth line of paragraph 1 and the insertion of the words "was challengeable under Article 173 until the 31st day of March, 1988".
2. The deletion of existing paragraph 2 and its substitution by a new paragraph 2 which reads "Considers that the right of Gibraltar in this context as a member of the EEC was publicly recognised by HMG in June 1987".
3. The deletion of existing paragraph 3 and its substitution by a new paragraph 3 which reads "Notes that the present Government has made it clear to any interested party in the Tourist Industry that they can pursue the question of raising the matter in the Supreme Court of Gibraltar which has the right to make a reference under Article 177 to the European Court".

4. The addition of a new paragraph 4 which will read "Notes the policy of the Government of Gibraltar to pursue, under existing bilateral arrangements, the possibility of establishing new routes in Europe and elsewhere",

and on a vote being taken on paragraph (1), (2) and (3) of the amendment the following Hon Members voted in favour:

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

The following Hon Members voted against:

The Hon K B Anthony  
The Hon Lt-Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Members were absent from the Chamber:

The Hon E Thistlethwaite  
The Hon B Traynor

On a vote being taken on paragraph (4) of the amendment the question was resolved in the affirmative.

The motion, as amended, was accordingly passed and now read as follows:

"This House:-

- (1) Notes that Legal Advice obtained by the previous AACR Government indicates that Gibraltar's exclusion from the European Air Transport Liberalisation Package was challengeable under Article 173 until the 31st day of March, 1988;
- (2) Considers that the right of Gibraltar in this context as a member of the EEC was publicly recognised by HMG in June 1987;
- (3) Notes that the present Government has made it clear to any interested party in the Tourist Industry that they can pursue the question of raising the matter in the Supreme Court of Gibraltar which has the right to make a reference under Article 177 to the European Court;

- (4) Notes the policy of the Government of Gibraltar to pursue, under existing bilateral arrangements, the possibility of establishing new routes in Europe and elsewhere".

#### ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I now have the honour to move that this House should adjourn sine die.

MR SPEAKER:

I will now propose the question which is that this House do now adjourn sine die and in so doing I would like to state that the Honourable Mr Ken Anthony has given notice that he wishes to raise on the adjournment matters relating to the Cable and Wireless employees now employed by Gibtel. I will now call on Mr Anthony and in so doing may I remind the House that a debate on the adjournment is limited to forty minutes and that there will be no vote.

HON A J CANEPA:

Just for the guidance of new Members, Mr Speaker, it is clear that after Mr Anthony, presuming that there is going to be enough time, another member from the Opposition benches may speak before the matter passes over to that side.

MR SPEAKER:

The manner in which I have always acted is that anyone can speak that catches my eye, in any sequence, there is no reason why another Member of the Opposition should not follow. However, whatever happens when the forty minutes are up, that is the end of the debate.

HON K B ANTHONY:

Thank you Mr Speaker. I must begin by saying that I regret having to raise this matter on the adjournment. I would rather that a complete settlement had been reached by this stage. This is not to say, Mr Speaker, that I would have necessarily agreed with the settlement, but at least we would have reached an end to what has been six months of chaos at Gibtel since the beginning of this year. However, to date no statement of an agreement has been announced by the Government. There have been press reports recently but these have been neither confirmed or denied by the Government. Under these circumstances I feel bound to bring to this House, the concern felt by the Members on this side of the House, a concern which is felt, I am sure, by many people in Gibraltar over the apparent intended use of Government funds to settle an industrial dispute between Members of ACTSS and their former employers Cable and Wireless, a firm that is no longer trading in Gibraltar. I think that it is necessary, Mr Speaker, to go back to the beginning of this dispute. On the 31st December 1987, the contract with Cable and Wireless came to an end and on

the 1st January 1988 the intention was that Gibtel, a subsidiary of British Telecom and the Gibraltar Government should take over from Cable and Wireless. When this was planned, a claim for redundancy money was made by the Members of ACTSS who worked for Cable and Wireless. They made a claim, as it is their right, we have no objections to their making a claim. A figure of £3m redundancy money was quoted. I do not know, Mr Speaker, where this figure came from, whether it was suggested by the Members who worked for Cable and Wireless or whether it was on the advice of senior members of their union. That is immaterial, perhaps because the figure has been accepted, I think, throughout Gibraltar and this is the figure which I am going to put my arguments for. Legal advice was given to the ACTSS members involved, that if they took Cable and Wireless to court, they stood a very good chance of winning their case. They decided not to go to court, again I do not know on whose advice this was, they choose to disregard the legal advice that they had received. We now come to the 24th March when the GSLP Government came into power and I was delighted to hear the Honourable Chief Minister say this afternoon, "We intend to stick to our Manifesto". I have a copy of their Manifesto with me, Mr Speaker, and if I may, I would like to quote relevant parts of it. On page 5 of their Manifesto under the overall heading of Government Services and in bolder print than the rest of the paragraph, they say: "In International Communications the dispute at Gibtel will be resolved by the Government, taking steps to secure a settlement of the outstanding claim with Cable and Wireless. This will happen immediately after the Election and it is essential to ensure that potential investors are attracted to Gibraltar". First of all the statement that it would be resolved by the Government? Perhaps a little confusing to me that here we have a dispute between ACTSS Members and their former employers and the Government makes public ascertations in their Manifesto that if they came into power, they were going to take steps to solve it. Secondly to secure a settlement of the outstanding claim with Cable and Wireless, not with British Telecom, Mr Speaker, nor with Gibtel, but with Cable and Wireless. Thirdly that this will happen immediately after the Election. We are now three months after the Election and it has not happened yet. Hardly what I would call immediately. I do not think it is on your watch! If you want clarification, I can tell you that you have now been in office for eightyfive days. On April 19th, Cable and Wireless announced that they would be making a payment of £165,000 of what was described, Mr Speaker, as a "loyalty payment" and it was reported that this was accepted by the ACTSS Members involved on April 20th. The question that arises in my mind, Mr Speaker, is why did these Members, who had a claim for £3m, settle for one 1/3 of that amount with the employer with whom they had a grievance. Normally when you have an industrial dispute of this nature, they go for the sum that they wanted or more if they can get it. Rarely do they accept a figure as low as this. Certainly in my limited experience of trade union affairs, I have never come across the case before where they have accepted one third of the amount that they were claiming. The only hypothesis I can put forward is that they were assured that they would get the balance of this money from some other source, other than Cable and Wireless. On

April 26th, it was quoted that the ACTSS Members also wanted £160,000 in back salaries, although on that date they were still not employed officially by Gibtel. Then earlier this month we had press reports of an agreement between Gibtel and British Telecom to split the cost outstanding; £335,000. The latest report which were in yesterday's press were that British Telecom were quoted as being on the verge of agreeing to an amicable split of the sum, which was unspecified. It may be £335,000, it may be more, it may be less. An amicable split with Gibtel of the outstanding amount, which they described as a "goodwill payment". If British Telecom want to pay the total amount, I have said it before, and I have been quoted by the Honourable Chief Minister as being in agreement with this, I have no objection, it raises the question, of course, why should British Telecom pay money to aggrieved employees of another firm? Why should they? I do not know. I do not think I have the answer to that. No doubt Honourable Members on the other side of the House may have the answer, but so far they have not told us what that answer is. But I feel, at the moment Mr Speaker, deep concern at the way Cable and Wireless have got off the hook so easily. If the case of the ACTSS workers was so strong and their legal advisers felt there was a strong case, why did they not pay the full £500,000 being claimed? Why were they allowed to get away with £165,000 as a loyalty payment? They did not even have the courage to go under its full name of Redundancy Payment. I feel, Mr Speaker, as I am sure, all Members of the House feel, deep concern at the disastrous start to the first six months of the operation at Gibtel which has resulted in a breakdown of communications and brought major problems to the commercial world in Gibraltar. I am sure both sides of the House are in agreement that this is a situation that none of us wanted and none of us want. I also feel deep concern at a firm that does not operate in Gibraltar, namely British Telecom, have made a "goodwill payment", their term not mine to ensure that one of its subsidiary companies Gibtel gets underway, six months after its operational date 1st January 1988. I am very worried about a number of things relating to this matter, Mr Speaker, the mandate given to the GSLP on the 24th March has been quoted interminably, their aims, as laid down in this Manifesto, have been metaphorically waved in this House, as the little red book was waved by the followers of Chairman Mao. Now we find that two of their stated aims in their Manifesto have not been achieved. They have not secured a settlement to the outstanding claim of Cable and Wireless. They have achieved a partial claim with Cable and Wireless, leaving £335,000 outstanding and it has not been settled immediately after the Election. I think I will end my short contribution, Mr Speaker, by reminding Members of the little Dutch boy who put his finger in the dyke. A small hole can quickly become a torrent and only time will tell whether this small hole in the Government's stated aims is a forerunner of bigger failures in the future. Thank you, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, I would just like to add a few points to those made by my colleague to place in context the reason why this issue has been raised at this stage. We have come out in the

press on a number of occasions in the past few weeks because of the concern expressed by commercial entities at difficulties still surrounding telecommunications. Our concern really is one of finality. I mentioned recently that we had the impression that the matter was stalemate and may not be, there could be a lot of activity, but as far as we are concerned, the public is concerned, they seem to be at a stalemate. We think that the employees at Gibtel require finality, they want it, and I am sure the Government wants it, the people of Gibraltar and the business community requires finality and we do not have any information in any respect, Sir, as to what is happening. As an Opposition, all that we can do is continue to urge the Government to answer the basic questions which we think are being asked in peoples minds. As my Honourable colleague has pointed out, the election commitment of the party in Government was that they intended to resolve the matter. Now we work more from press reports rather than from information which the Government deems we are entitled to, and notwithstanding the fact that there may be negotiations going on, I would certainly urge the Government to make clear certain basic answers to fundamental questions which would at least allow us, the Opposition, and the people of Gibraltar, to know in a broad brush way how the matter stands. For example, is Cable and Wireless definitely out of the question? If the answer is yes and Cable and Wireless are out and they are not being sued anymore, if there is no longer a claim then we know we have to work to that premiss. If Cable and Wireless are out, has the Government accepted, in principle, to make contributions? Alright do not tell what the contribution is going to be, if you think that is going to affect the negotiating position. But are we not entitled, as a people, to know? Has Cable and Wireless left? This is the framework on which the whole matter is being dealt with. The third question is, can the Government confirm now, notwithstanding the finalising of the whole matter, if the Gibtel operation is functioning in the way that it was intended it should function. Have new lines been put in? Are the new working practices in operation? Is all this still dependent on the negotiations taking place? Mr Speaker, all I get from the Government and perhaps it is because I am novel in this House, I have this naive attitude, but all I get from the Government, especially on Gibtel, is sniggers and laughter. Now, frankly Sir, I am not in this House to have a good time and I am not in this House to raise matters like Gibtel, only to see the Chief Minister and his colleagues sniggering at me. I suppose I could have been a comedian or something else. I expect, at least, a serious and rational answer and, I hope, information. I think that what we are after is the bare minimum that the people of Gibraltar are entitled to and I do not understand why the basic information we are seeking should prejudice at all whatever negotiations are still going on. I will not take any more time because I would like to give the Government the opportunity of answering. Can we at least have confirmation of the basic areas we have raised this afternoon, so that at least we know within what framework the whole matter is now moving. Thank you, Mr Speaker.

HON J C PEREZ:

Mr Speaker, the Honourable Mr Anthony and indeed the Honourable

Mr Montegriffo, who takes offence at this side of the House sniggering at him, do not seem to understand what is continually said from this side of the House. They both know, not only because of what I said in the House, but because of what I said in the press, that we are trying to get released from a confidentiality clause which they placed in the Agreement between the Government and British Telecom in order that we can give a complete and full statement of what has occurred from the 24th March to date so that the people are aware of the mess that we have inherited from the previous administration. Let me say that the Honourable Mr Anthony, who was in fact my English teacher, does not seem to understand English himself. He says that the Government has failed in the commitment it had in the Manifesto, he fails to realise that the Manifesto says "that the Government will take steps to settle the dispute. It does not say that the Government will solve the dispute immediately, "it says the Government will take steps to solve the issue immediately" and I can say that as from the 24th March, from the same day that we were elected to date, we have been continually looking at the situation and trying to find solutions to the problem. A problem which we inherited from the AACR and which they knew existed in July, a problem which came to a head in October, 1987 when the men started industrial action, a problem which we inherited after a lot of commitments, Contracts and Agreements had been entered into by the previous administration. These have not been made public and where men who had been working for the previous employer had been misled to believe something that was not there. I cannot go further than this, on this occasion. I have promised you before and I promised you this morning that a full statement will be made once we are released from the Confidentiality Clauses in this Agreement. I am confident that we will be released and if we are not released then we will have to give a shorter statement. Perhaps with not all the facts but one, I am sure, that will satisfy Honourable Members. Honourable Members opposite know that that is the position and therefore they are trying to make political capital out of this situation by raising it whilst knowing that this is our position, as stated this morning when they raised it. The Honourable Mr Anthony seems to have this worrying, about taxpayers money, and again he did not listen to what we said. When Members opposite raised the matter whilst we were talking about the Supplementary Expenditure of £1.5m in the Estimates under Subventions. I said that not 1p more of that £1.5m put there by the AACR for the operation of Gibtel would be put by this administration and that continues to be the position. Now if he prefers to speculate, before I am in a position to give him the full details, fine, I know that there have been press reports, but press reports not instigated by me. If you talk to individual pressmen, they will tell you that everytime I have been asked I have said that I am not in a position to give a statement at this stage. They know it and the Honourable Member should know it because I have been repeating it all along. I am afraid, Mr Speaker, that when it is convenient to refer to press reports they do, but then when it is not convenient they do not. The Honourable Mr Montegriffo says, "the concern that there is in the business community about the matter". That concern has existed for a long time since I was a Member of the Opposition.

He fails to realise that people have been working normally there for the last ten days. For the last ten days, people have been working there normally, that information arises from Press Reports. I stated in the Gibraltar Chronicle, when asked a question, information that I could give, that the expansion plan that had been prepared by Gibtel once the dispute had been settled were certainly not sufficient to satisfy the demands for telephones that we had today. That question, the one which is bothering the business community, those expansion plans that were ready by the previous administration are taking effect and there are more in the pipeline, so that we have a more satisfactory situation within the next three or four months. A more satisfactory one than the one originally planned by the previous administration, in conjunction with British Telecom, for Gibtel. Mr Speaker, we are told that Cable and Wireless have got off the hook easily. That we are responsible for allowing Cable and Wireless to get off the hook easily. Mr Speaker, I understand that the Honourable Mr Anthony and the Honourable Mr Montegriffo, who did not form part of the previous administration, might not know the full details of the facts, and unfortunately I am afraid that at this stage, I am not in a position to give them the full details of the facts. But I will, not only to them, to the general public. If anyone has let Cable and Wireless off the hook easily, I can assure you it is not this side of the House, I can assure you it is not this Government and I can assure you it is not this administration. I would ask Honourable Members to get in touch with their former colleague, Mr Perez, who went to Cable and Wireless, prior to the elections, and gave certain commitments there to the workforce and said that he had a card up his sleeve and let him explain to Honourable Members opposite what that card was and let him explain to Honourable Members opposite what he did subsequently and where that card is today. I am afraid that at the moment it is important that we should retain the element of confidentiality that there is in any Agreement unless it is by mutual consent. Because we are going into partnership with a very reputable Company in forming Gibtel and we do not want to have to start on a wrong footing by being unable to abide by commitments already there. As the Honourable Member said in his contribution to the Motion, previously, everything that the previous Government signed is legal to the present Government. The Government as such is the Government and what changes are the people that form it and those legal obligations are there for us to abide by. I think, Mr Speaker, Honourable Members opposite need to distinguish between two things that have happened. They know already from press reports and from comments that I have made in the press, that people are working normally and that there is a settlement. The Agreement between Gibtel and the Union is something which is for Gibtel and the Union and not for the Government to defend and make public. This is normal, it happened throughout the Gibrepair situation, and the Honourable Mr Canepa used to defend it very ably from this side of the House. It is something for which we are politically not responsible. The distinction that needs to be made is that although those things are now being resolved, there are other negotiations continuing with British Telecom about renegotiating the contract which was entered into by the

previous administration. Because we feel it is a very bad Agreement and I was one, who during my time in Opposition, came out with a Press Release supporting the granting of the franchise to British Telecom based on the information I had been given by the Honourable Minister responsible at the time. Now I find out that the information given to me is not what is in the Agreement. I have not seen the offer made by Cable and Wireless so I am not in a position to judge whether one offer was better or not. What I can tell you is that we are not satisfied with the terms of the Agreement entered into with British Telecom. That we have put British Telecom on notice that we want to re-negotiate various facets of it and that this is now a continuing process. I will stress again so that the Honourable Member does not come back and talk about public money and everything else, so that he does not worry about that, we are not going to put more than the £1.5m that the previous administration allotted for the Gibtel operation. That is the maximum that we are going to put in, if we can re-negotiate matters and if we can get away with a lesser amount then so much better, but we are certainly not going to put in more than the £1.5m already put aside by the previous administration to set up the company. Thank you Mr Speaker.

MR SPEAKER:

Are there any other contributors?

HON K B ANTHONY:

Just one point, Mr Speaker, I have listened with great attention to what the Honourable Minister has said and I will reiterate what I said earlier that I do consider that Cable and Wireless got easily off the hook because if there is a claim for £1m against any organisation and they can settle for one third of that amount, then they have got easily off the hook.

HON J C PEREZ:

Mr Speaker, I have not confirmed that what he is saying is true or false, I have told him that when I am able to release all the information that I have, I will demonstrate that if anyone left Cable and Wireless off the hook, it was the previous administration and not us. But until that stage, I cannot demonstrate it, because I am bound by confidentiality. However if he insists in repeating it fine. I cannot do anything at this stage.

HON K B ANTHONY:

Mr Speaker, it is not a matter of repeating. It is just that I was told by the Minister that I had misunderstood. I have not misunderstood him.

HON J C PEREZ:

No, I did not say that. I have said, Mr Speaker, that the Honourable Member is taking for granted something which I have not confirmed because I am not in a position to confirm it at the moment. However if he wants to continue from that premiss



and not wait until I am in a position to give him an explanation, he is free to do so but on the basis that I have not confirmed anything that he is suggesting.

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

The adjournment of the House sine die was taken at 5.15 pm on Friday the 17th June, 1988.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

15TH NOVEMBER, 1988

Report of the Proceedings of the House of Assembly

The Third Meeting of the First Session of the Sixth House of Assembly held in the House of Assembly Chamber on Tuesday 15th November, 1988 at 10.30 am.

PRESENT:

Mr Speaker . . . . . (In the Chair)  
(The Hon Sir Alfred J Vasquez CBE, QC, MA)

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for GSL and Tourism  
The Hon J L Baldachino - Minister for Housing  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon Miss M I Montegriffo - Minister for Medical Services and Sport  
The Hon R Mor - Minister for Labour and Social Security  
The Hon J L Moss - Minister for Education, Culture and Youth Affairs  
The Hon E Thistlethwaite QC - Attorney General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition  
The Hon P C Montegriffo  
The Hon M K Featherstone OBE  
The Hon Dr R G Valarino  
The Hon G Mascarenhas  
The Hon Lt-Col E M Britto OBE, ED  
The Hon K B Anthony

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 29th April, 1988, having been previously circulated were taken as read and confirmed.

DOCUMENTS LAID

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

- (1) The Hotel Occupancy Survey 1987
- (2) The Air Traffic Survey 1987

Ordered to lie.

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

The Gibraltar Register of Building Societies  
Annual Report 1987

Ordered to lie.

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

- (1) The Employment Survey Report October 1987
- (2) The Accounts of the John Mackintosh Homes for the year ended 31 December, 1986
- (3) Industrial Training Ordinance - Levy Order 1988

Ordered to lie.

The Hon the Minister for Education and Youth Affairs laid on the table the following document:

The Accounts for the John Mackintosh Hall for the year ended 31 March, 1988

Ordered to lie.

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

- (1) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.4 of 1987/88).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.5 of 1987/88).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.6 of 1987/88).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.7 of 1987/88).
- (5) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.4 of 1987/88).
- (6) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.5 of 1987/88).
- (7) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.1 of 1988/89).

- (8) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.2 of 1988/89).
- (9) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.1 of 1988/89).
- (10) Statement of Supplementary Estimates (No.2 of 1988/89).
- (11) Statement of Supplementary Estimates of 1984/85 (Excess Expenditure).
- (12) Statement of Supplementary Estimates of 1985/86 (Excess Expenditure).
- (13) The report of the Gibraltar Museum Committee and the Accounts of the Gibraltar Museum for the year ended 31 March, 1988.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.15 pm  
 The House resumed at 3.25 pm  
 The House recessed at 6.35 pm

WEDNESDAY THE 16TH NOVEMBER

The House resumed at 10.45 am.

Answers to Questions continued.

ORDER OF THE DAY

MOTIONS

HON R MOR:

Mr Speaker, I beg to move that:

"Be it resolved that this House do approve the making by the Governor of the following order-

Title and Commencement: 1. (1) This order may be cited as the Social Security (Non-Contributory Benefits and Unemployment Insurance) (Amendment of Benefits) Order, 1988

(2) This order shall come into operation on the 27th day of December 1988.

Amendment of Schedule 3.

2. Schedule 3 to the Social Security (Non-Contributory Benefits and Unemployment Insurance) Ordinance is amended by omitting everything after the heading "Schedule 3", and substituting the following:-

"UNEMPLOYMENT BENEFIT

PART 1

Section 8

(1)	(2)	Weekly Rates Payable	
		(3)	(4)
Beneficiaries	Weekly basic rate.	Increase for wife or dependant (where applicable)	Increase for children per child (where applicable)
(a) Persons over 18.	£12.60	£6.30	£2.52
(b) Young persons (i.e. over 15 but under 18)			
(i) during any period during which the person is entitled to an increase of benefit in respect of a child or adult dependant.	£12.60	£6.30	£2.52
(ii) during any other period.	£ 6.30		

"PART I (A)

(1)	(2)	Weekly Rates Payable	
		(3)	(4)
Beneficiaries	Weekly basic rate.	Increase for wife or dependant (where applicable).	Increase for children per child (where applicable).
(a) Persons over 18.	£37.20	£18.30	£7.20
(b) Young persons (i.e. over 15 but under 18)			
(i) during any period which the person is entitled to an increase of benefit in respect of a child or adult dependant.	£37.20	£18.30	£7.20
(ii) during any other period.	£18.30		

Dated this                      day of    1988.

By Command,

Deputy Governor.

Mr Speaker, in accordance with the law I am required to review the rates of benefits and contributions annually in respect of Employment Injuries Insurance Ordinance. As you can see in this case the Motion is only concerned with an increase in benefits. As regards to contributions, the Government has taken the view that there is no need to increase contributions this year. Although we have actually recommend in the past that the rates of contributions should be increased by at least the same percentage as rates of benefits, the situation today is, that the contribution rate in respect of an adult is in fact 87.5% higher in 1988 than in 1982, whereas benefit rates only increased by 46%. It has also been taken into consideration that today's contributions are some 28.5% higher than the minimum the Actuaries have recommended for 1988. Should we have increased contributions in line with benefits, it would have meant an increase of 1½ pence shared equally between employer and employee, ie something like 3 farthings each, and although we will have our own coins next January, we are not proposing to introduce farthings. So, Mr Speaker, in view of the fact that contributions are well over the rate recommended by the Actuaries for this year and considering that benefits are being increased by 5%, we have decided not to touch contributions this year. The increase of benefits has been based on the increase in the cost of living in Gibraltar. Although Mr Speaker, the cost of living has only increased by 3.6% for the year ended last October, we have decided to round up the increase in benefits to 5%. As regards to the Employment Injuries Fund, Mr Speaker, this has been considered to be in a healthy state by the Actuaries. As at the 31st March, 1986, the Fund represented about 13½ years of expenditure, at 1986 rates of benefits, and this was considered to be a sufficient reserve and no need is seen to build the Fund up to a higher level relative to expenditure. It is considered that provided the contribution income balances expenditure on benefits and administration, this should be sufficient to maintain the level of the Fund and should only be reviewed should there be sharp increases in claims or a substantial drop in employment figures. Mr Speaker, I commend the Motion to the House.

Mr Speaker then proposed the Motion as moved by the Hon R Mor.

HON DR R G VALARINO:

Mr Speaker, these are the yearly increases under the Injuries Insurance Ordinance and a similar sort of increase under the unemployment rates, all increases are in the ratio of about 5% throughout the whole range of benefits. I am glad to say that there is no increase in contributions and this side of the House will be approving the measures.

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

HON R MOR:

Mr Speaker, I beg to move that:

"Be it resolved that this House do approve the making by the Governor of the following order -

**Title and commencement.**

1. (1) This order may be cited as the Social Security (Employment Injuries Insurance) (Amendment of Benefits) Order, 1988.

(2) This order shall come into operation on 1st day of January, 1989.

**Application.**

2. (1) The rates of benefits provided for by the amendments effected by this order (other than the benefits specified in sub-paragraph (2)) shall apply only in respect of accidents that occur on or after the 1st day of January 1989.

(2) The following rates of benefit under the Social Security (Employment Injuries Insurance) Ordinance (hereinafter called the Ordinance) shall be payable irrespective of the date of the accident:

(a) the rates of disablement pension under section 15;

(b) the rates of dependants allowances under section 18 for beneficiaries entitled to disablement pension;

(c) the rates of death pension and dependants allowances under section 19; and

(d) an increase in disablement benefit resulting from the review of an assessment under section 37 (2).

**Amendment of Section 16.**

3. Section 16(2) of the Ordinance is amended by omitting the expressions "£18.20" and "£36.40" and substituting the expressions "£19.10" and "£38.20" respectively.

**Amendment of Section 19.**

4. Section 19 of the Ordinance is amended -

(a) in sub-section (1), by omitting the expression "£24.50", and substituting the expression "£25.70";

(b) in sub-section (2) (a) by omitting the expressions "£26.60" and "£12,230" and substituting the expressions "£27.90" and "£12,840" respectively;

(c) in sub-section (2)(b), by omitting the expression "£12,230" and substituting the expression "£12,840".

**Amendment of Section 20.**

5. Section 20 of the Ordinance is amended by omitting the expression "£12.20" and substituting the expression "£12.80".

**Amendment of Section 21.**

6. Section 21 of the Ordinance is amended -

(a) in sub-section (4)(a), by omitting the expressions "£12.50" and "£18.60" and substituting the expressions "£13.10" and "£19.50" respectively;

(b) in sub-section (4)(b), by omitting the expression "£1370" and substituting the expression "£1440".

**Amendment of Section 22.**

7. Section 22(1) of the Ordinance is amended by omitting the expression "£1370", and substituting the expression "£1440".

**Amendment of Schedule 2.**

8. Schedule 2 to the Ordinance is amended by omitting Parts I and II, and substituting the following Parts:-



"PART I  
INJURY BENEFIT

Section 14

Rates of Injury Benefit		
Class of Insured Persons	Per week	Per day
Persons who have attained the age of 18 years.	£45.50	£6.50
Persons who have attained the age of 15 but are under 18.	£34.30	£4.90

PART II  
DEPENDANTS ALLOWANCE

Section 18

Class of Dependant	Per week	Per day
Dependent adult	£11.06	£1.58
Allowance for first dependent child	£ 6.09	£0.87
Allowance for second dependent child	£ 3.85	£0.55

"DISABLEMENT GRATUITY

Section 15(6)

(1) Degree of disablement per centum.	(2) Amount of gratuity.	(3) Degree of disablement per centum.	(4) Amount of gratuity.
	£		£
1	260	18	2440
2	380	19	2560
3	500	20	2690
4	630	21	2800
5	760	22	2940
6	870	23	3080
7	1000	24	3200
8	1120	25	3330
9	1250	26	3440
10	1370	27	3570
11	1500	28	3700
12	1640	29	3820
13	1770	30	3940
14	1910	31	4060
15	2050	32	4190
16	2170	33	4320
17	2300	34	4440

Amendment of  
schedule 4.

10. Schedule 4 to the Ordinance is amended by omitting everything after the heading "Schedule 4", and substituting the following :-

"RATES OF DISABLEMENT PENSION.

Section 15(7)(a)

WEEKLY RATES		
1. Degree of disablement per centum.	2. Persons who have attained the age of 18.	3. Persons who have attained the age of 15 but are under 18.
	£	£
100	45.50	34.30
95	43.40	32.70
90	41.20	30.90
85	38.90	29.20
80	36.50	27.50
75	34.20	25.70
70	32.00	24.00
65	29.80	22.40
60	27.40	20.70
55	25.20	19.00
50	22.90	17.30
45	20.70	15.50
40	18.30	13.90
35	16.10	12.00

Amendment of  
schedule 5.

11. Schedule 5 to the Ordinance is amended by omitting everything after the heading "Schedule 5", and substituting the following :-

"DISABLEMENT GRATUITY

Section 15(7)(b)

Degree of disablement per centum.	Amount of gratuity.	Degree of disablement per centum.	Amount of gratuity.
1.	2.	3.	4.
	£		£
35	4610	68	8850
36	4720	69	8990
37	4850	70	9120
38	4990	71	9260
39	5120	72	9380
40	5250	73	9500
41	5380	74	9630
42	5500	75	9750
43	5630	76	9890
44	5760	77	10020
45	5900	78	10140
46	6040	79	10270
47	6150	80	10410
48	6280	81	10540
49	6400	82	10670
50	6540	83	10790
51	6660	84	10920
52	6790	85	11060
53	6930	86	11170
54	7060	87	11290
55	7180	88	11420
56	7320	89	11550
57	7430	90	11680
58	7570	91	11810
59	7710	92	11940
60	7830	93	12060
61	7960	94	12190
62	8070	95	12330
63	8200	96	12460
64	8340	97	12580
65	8470	98	12720
66	8610	99	12840
67	8730	100	12840

Dated this                      day of                      1988.

By Command,

Deputy Governor

BILLS  
FIRST AND SECOND READINGS

Mr Speaker, again, I am required to review the Unemployment Benefits. As has been said previously, the cost of living has increased again, increased by 3.6%, and we are proposing to increase Unemployment Benefit by 5%. We have already an indication Mr Speaker, that the Opposition will support the Motion so I will commend the Motion to the House.

Mr Speaker then proposed the Motion as moved by the Hon R Mor.

There being no other contributors, Mr Speaker put the question which was resolved in the affirmative and the Motion was accordingly passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, with your permission I propose to withdraw the first of the Motions in relation to Company Fees Amendment Order 1988, and re-introduce it again, with your permission, at a later stage.

MR SPEAKER:

No problem whatsoever.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that:

"Be it resolved that this House do approve the giving by His Excellency the Governor of the following notice:

Title and commencement	1(1). This notice may be cited as the Licensing and Fees (Amendment of Schedule) Notice, 1988 and shall come into operation on 1st April 1989.
Amendment to Schedule 2	2. Paragraph 1(1) of Item 10 of Schedule 2 to the Licensing and Fees Ordinance is amended by omitting the expression "£2.00" and substituting therefor the expression "£5.00".

Mr Speaker proposed the Motion as moved by the Hon the Financial and Development Secretary.

HON P C MONTEGRIFFO:

Well Sir, the Opposition have no difficulty with this Motion and we will vote in favour.

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

THE COMPANIES AMENDMENT ORDINANCE, 1988

HON M A FEETHAM:

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

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

SECOND READING

HON M A FEETHAM:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the principle object of this Bill is to obtain wider powers for the investigation and inspection of Companies by competent inspectors. Occasions arise which make it desirable for an investigation to be made into various or any particular aspect of a company's affairs with the view to the prevention or prosecution of fraud. However such investigations are not possible under the existing provisions of the Companies Ordinance. At present investigations can only be carried out on the application of the Company itself or of a specified number of its members, supported by evidence showing aims at remedying this situation and will permit the appointment of inspectors also, if it appears that the affairs of a company are being or have been conducted:

- a. with intent to defraud its creditors or the creditors of any person; or
- b. for a problem or unlawful purpose; or
- c. in a manner unfairly prejudicial to some parts of its members. This will cover any action or proposed act or mission; or
- d. in a manner which is considered detrimental to Gibraltar's reputation in relation to financial matters or contrary to the public interest.

It will likewise be possible to investigate a company if there is evidence of malpractice or other misconduct or if it appears that the company was formed for any fraudulent or unlawful purpose. The wider powers of investigation which the Bill is designed to provide will enable a company to be investigated to determine the identity of the persons who are or have been financially interested in a company's success or failure or who are able to control or materially influence the company's policy. The appointment of inspectors will be compulsory where the court by order declares that the company's affairs should be investigated. If there are good reasons to do so, it will be possible under the new provisions to direct a company to produce such books or papers as may be specified and to authorise

a public officer to require their production forthwith. Copies of extracts could be taken from the books and papers and any past or present officer of the company could be required to provide an explanation of them. Moreover application could be made to the Justices of the Peace for a warrant to search premises if there were reasonable grounds for suspecting that there are books and papers on those premises which may not have been produced as requested. The Bill will reinforce the existing powers of inspectors under the Ordinance by eg empowering an inspector to examine a director's bank account, if he has reason to believe that such accounts have been used in connection with certain transactions involving the company which have not been recorded in the annual accounts or otherwise disclosed to its shareholders. The Bill makes provision for the security of information obtaining from an investigation, except in certain specified cases, no information or document obtained during the course of an investigation related to a body shall be without the previous consent in writing of that body be published or disclosed. If as a result of the inspectors report, it appears in the public interest that the company should be wound up, the Governor could present a petition for winding up on the grounds of just unequitable. Furthermore, if the report indicates a civil proceedings ought, in the public interest to be brought by any company, the Governor could bring proceedings on the company's behalf and in the company's name. The expenses of an investigation would be charged to the Consolidated Fund, in the first instance, but could be recovered as follows:

1. From a person who is convicted on a prosecution instituted as a result of the investigation or is ordered by the courts to pay the whole or any part of the cost of civil proceedings brought on the company's behalf to the extent ordered by the court;
2. From a body corporate in whose name civil proceedings are brought by the Attorney General to the extent of the amount of value of any sums or property recovered by as a result of those proceedings;
3. From a body corporate dealt with by the inspectors report except where the inspectors were appointed by the Governor's own motion fully or partly as the Governor may direct; and
4. From the applicants for the investigation including a company which has applied for an investigation of its affairs to the extent that the Governor may direct.

Mr Speaker, I should add that the Bill follows United Kingdom practice and places the Companies Ordinance in line with comparable provisions in the United Kingdom Companies Act of 1985. Mr Speaker, I now turn to the Bill

itself. Clause 2 provides for a new Schedule to the Ordinance which empowers the Governor to appoint inspectors, defines the circumstances in which that power can be exercised and deals with inspectors powers in the course of an investigation. The Schedule also treats obstruction of inspectors as contempt of court. Makes provisions as to the report by inspectors and for such report to be admissible in evidence. The Attorney General is given powers to institute civil proceedings in a name of a body corporate in the public interest. The Schedule also deals with other ancillary matters to the investigation of companies. Clause 3 empowers the Attorney General to institute criminal proceedings in respect of offences disclosed by the inspectors report. Clause 4 amends the Companies Taxation and Concessions Ordinance to enable information available on Tax Exempt Companies to be disclosed to inspectors without offending the secrecy provisions, for the purpose of an investigation under the Bill. Mr Speaker, I commend the Bill to the House and I beg to move.

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 P C MONTEGRIFFO:

Mr Speaker, the Opposition welcomes in general terms the Bill as part and parcel of the strengthening of Gibraltar's protection, in strengthening Gibraltar's legislation and in ensuring its reputation as a Finance Centre. There are two matters which I would like to raise at this stage of a general nature. The Honourable Minister has kindly pointed out and has pointed out in the Explanatory Memorandum as well that the legislation is based on the 1985 Companies Acts in the UK. Our concern is whether that legislation is really a little too restrictive for the purposes of Gibraltar's Finance Centre operations. This often tends to be the case with other legislation which emulates from the UK and I would have been much happier with the Minister having said what the position was in say Jersey or the Isle of Man in respect of similar provisions. I have been trying to get details of such provisions myself, Sir, and I must confess it is not easy for me to get the up to date position, but I would not like to see the Bill going through all its stages in this House, becoming law without first having investigated what other jurisdictions, like the Isle of Man and Jersey, have in their Statute Books as opposed to the UK model. Secondly, Sir, the Governor is the entity empowered in various sections to undertake these investigations and to conduct a number of the proceedings that the sections provide for. I would be grateful for the Attorney General's guidance on the inclusion of the Governor in such a role.

Basically Sir, because if we understand the position correctly, come January next year, we will have some form of Financial Services Commission established headed presumably by a Financial Services Commissioner. This Commissioner will have general competence over the supervision and regulation of financial services and I wonder whether there is an element of inconsistency in the Governor being the entity or the party that is charged with the responsibility under this Ordinance of implementing the powers to take the decisions that the sections provide. I am not sure on what advice the Governor would work but it seems to me odd that you have the Governor's involvement in this type of area which is highly technical and highly sophisticated, when you are going to have a totally separate Financial Services Commission headed by Financial Services Commissioner who is going to be the man with his finger on the pulse of companies that go wrong and who might get into trouble and which the law might have to be used to investigate. Those are my two points which, Sir, at this stage although I have other minor matters which I will raise during Committee Stage but those are two matters which I would like perhaps to deal with and clarify before the Bill goes through.

HON M A FEETHAM:

Mr Speaker, I can say that as far as the Government is concerned, we follow United Kingdom legislation as a general rule, but I have already said in the House on a number of occasions that it does not necessarily follow that everything, including EEC Directives which apply to Gibraltar, are followed to the letter. We usually make allowances to include something which is more or less tailor made for the requirements of Gibraltar.

HON A J CANEPA:

Mr Speaker, whilst we have not voted against I might explain that unless the Honourable Minister is able to deal with the point that my Honourable colleague has raised, in Committee in some more detail, we may not be able to vote in favour at the Third Reading. We may have to abstain. We are in favour but I would like to explain that we are in favour, in principle, of the Bill. We welcome it wholeheartedly, but I do feel that our colleague has made some valid points which the Minister has dealt with in a cavalier fashion and I think he ought to perhaps ask for the Hansard, look at the points raised by my colleague, and see whether at Committee Stage he can give us a rather more satisfactory explanation. Otherwise as I have said, we might abstain in Committee. If the Hon Minister does not mind, fine.

HON M A FEETHAM:

Mr Speaker, as I understood it the Honourable Member made two points. One was that the legislation would appear to be too restrictive and whether we had looked at the

legislation in force in the Isle of Man or the Channel Islands. Secondly he addressed the Attorney General on the question of whether what was being done was in any way in conflict in so far as His Excellency's powers were concerned in the legislation in relation to what was intended to be done with the Financial Services Legislation in the future.

MR SPEAKER:

We must not open up the debate now. I think the Opposition has given notice of the fact that they voted in favour on the general principles of the Bill and that they would reserve their rights in the Committee Stage and act according to what they considered to be right.

HON M A FEETHAM:

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

This was agreed to.

THE MERCHANT SHIPPING (AMENDMENT)(NO.2) ORDINANCE 1988

HON M A FEETHAM:

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

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

#### SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be read a second time. Mr Speaker, this amendment has come about due to changes made to the Registry Rules under Part 1 of the 1894 Merchant Shipping Act. The changes are all contained in the Merchant Shipping Bill recently enacted by the United Kingdom Government, which Bill incorporates a number of innovations already undertaken by Gibraltar, as passed by this House on the 11 February 1987. However further legislation is necessary as eligibility as to entitlement to ownership has been changed. The main change being that body corporates can only be registered as owners of a British ship registered at this port if there are incorporated and having their principle place of business in Gibraltar, in the United Kingdom, the Isle of Man, any of the Channel Islands or any colony. Previously we had accepted companies incorporated in any of Her Majesty's dominions. This new amendment does not in any way hinder our register, as in the past the majority of owners have



been companies incorporated in Gibraltar or the United Kingdom. By this new Bill our registry procedures are identical, insofar as ownership is concerned, to that of the United Kingdom. However, we ourselves, Mr Speaker, are even more stringent than the United Kingdom as by our excluded registration order we limit, in our own interest, the type of vessels we can register. The enactment of the two Bills brought before this House and the thirty odd secondary Regulations which will be published shortly will Mr Speaker, ensure that ships on our registry will be governed responsibly and show internationally the responsible attitude by this Government as to what is registered.

MR SPEAKER:

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

HON A J CANEPA:

The last point made by the Honourable Mr Feetham, I would just add that the two Bills now on the Agenda Paper and the Regulations which are to follow together with the two Bills that I brought to the House in the recent past, put our Registry on the footing that he has explained. The previous Government worked on this subject for five years and the application of the SOLAS Convention to Gibraltar is the result of five years work and he ought to give the previous administration some credit for that. So it is not just these two Bills and the Regulations. It is those two Bills and the Regulations together with the legislation that we brought to the House last year and the year before which complete the picture. We have no difficulty in supporting this Bill, we generally welcome it. There are three points that I want to make, perhaps only one of which, may be slightly controversial. I would like the Minister when replying to tell us whether there has been any consultation within Gibraltar with interested parties on this legislation. For instance, has there been any consultation with the Gibraltar Shipping Association or is just the result of discussions between perhaps the Minister and Officials of the Gibraltar Government and United Kingdom Officials of the Ministry of Transport. Secondly could we please have clarification of Section 204C Sub-paragraph 7 (bottom of page 226 of the Bill) "Nothing in this Section applies to a ship to which Section 80 of the Merchant Shipping Act 1906 applies". Could we please have clarification of that? If not now perhaps at Committee Stage. The only other point with which we are not happy and which we may not support in Committee and could be the result of copying the recent United Kingdom legislation and applying it to Gibraltar, is that we on the Opposition cannot at this stage, at any rate, see why citizens of the Republic of Ireland should be given special and privileged treatment. One is of course fully aware of the fact that a great deal of United Kingdom legislation

does give citizens of the Republic of Ireland special and privileged treatment notwithstanding the measures that Mrs Thatcher adopts on the question of terrorism. However why is there a need for this in Gibraltar. Why we should follow the United Kingdom does not in any way emerge from the Bill and therefore we would like to be convinced about the need for this special provision. Failing that we would vote against. Not against the Second Reading but in Committee on this particular Clause.

HON CHIEF MINISTER:

Mr Speaker, let me just say that the Government is committed to an expansion of the Gibraltar Registry. The application to Gibraltar of International Conventions by the United Kingdom which we have now achieved and which was something that was pending for a very long time is an essential ingredient to the credibility of the Registry in the eyes of shipowners. In my meetings in Hong Kong with a number of major ship owners, who currently have their ships registered in Liberia and Panama, there was a great deal of interest in transferring to the Gibraltar Registry provided they were satisfied that the Gibraltar Registry was not one that would be facing problems because of its technical inadequacies. We must not forget of course, as the Honourable Member opposite pointed out to me in supplementaries to a previous question, notwithstanding my world wandering we are not independent and therefore ships registered in Gibraltar do not fly the Castle and Key, they fly the Red Duster and an essential part of being able to do that is that the legislation that we have has to be one which the British Government is prepared to defend internationally because it is a British ship that would be registered in Gibraltar not a Gibraltarian ship. I do not think that should be forgotten, but let us be clear that it is not the intention of the legislation to hinder the development of the Register or to foster the development of the Register, but to foster it by enhancing the quality.

HON ATTORNEY-GENERAL:

Mr Speaker, on two of the Hon Leader of the Opposition's points. No there was no consultation within Gibraltar as to this Bill prior to it being extended. The choice we had was for an Order in Council applying the 1988 Merchant Shipping Act in the United Kingdom Part 1 of the 1988 Act to Gibraltar and I said no that we had gone part of the way along the road with our No.4 of 1987 legislation when we dealt with the powers to refuse registration and we put in representative persons there and we have done many of the things which the 1988 Act of the United Kingdom incorporated. So I said "no, please let us amend our own legislation, I do not want an Order-in-Council extending Part 1 of the 1988 Act. Blend it in with our ideas as contained in Ordinance No.4 of 1987". They agreed to that and so I had to swallow the citizens of the Republic of Ireland as well because that was one of the persons who are qualified to own a British ship and therefore that had to be taken. This is really the Gibraltar version of the 1988 Act, bringing it right into line with the United



Kingdom. I am sorry I did not know what Section 18 of the Merchant Shipping Act 1906 did, it is a small point but I will find out the answer.

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

HON M A FEETHAM:

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

This was agreed to.

The House recessed at 1.05 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind the House that we are now on First and Second Readings of Bills and I understand that the next one to be called is the Merchant Shipping Health and Welfare Bill.

HON A J CANEPA:

Mr Speaker, if you will allow me, I did not know this morning that the Merchant Shipping Amendment Bill would probably go into Committee today or tomorrow morning, otherwise I might have said and I think it might be of interest to you and to Members to know that the attitude that we will take on the citizens of the Republic of Ireland will depend on how they perform in tonight's football match against Spain.

#### THE MERCHANT SHIPPING HEALTH AND WELFARE ORDINANCE 1988

HON M A FEETHAM:

Sir I have the honour to move that a Bill for an Ordinance to make provisions with respect to the Health and Welfare of seamen on board Merchant Ships be read a first time.

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

#### SECOND READING

HON M A FEETHAM:

Mr Speaker, I beg to move that the Bill be now read a second time. Mr Speaker, as the Leader of the Opposition quite rightly said during his contribution to the previous Bill on Merchant Shipping, Gibraltar since 1984 has been working towards the extension of the various International Conventions dealing with maritime affairs. The House will recall that on the 21 January 1988, the Merchant Shipping

(Amendment) Ordinance 1988 was passed in this House which amongst other matters gave legal effect in Gibraltar to the manning and certification of deck officers, manning and certification of engineer officers, the Convention for the Safety of Life at Sea as also the Merchant Shipping Load Lines Act of 1967. The purpose of the present Bill before the House is to enable three ILO Conventions dealing with the welfare of seamen to be extended to Gibraltar. The three Conventions are as follows: No.92 - Convention Concerning Crew Accommodation; No.133 - Convention Concerning Crew Accommodation Supplementary Provisions and Convention 147 - Concerning Minimum Standards. It is necessary for the above three International Labour Organisation Conventions to be extended, as this will enable Gibraltar registered ships to be maintained to the same standards as major maritime nations. Mr Speaker, I think you will agree that from time to time Gibraltar has received adverse press reports due to allegations made as to the state of vessels on our Register. Previously due to lack of legislation we have never been able to categorically deny such allegations. By legislating, thus committing our ships to undergo service, our ships will therefore be on par with other nations and therefore putting paid to those who automatically class us as a flag of convenience. Once this legislation is passed Mr Speaker, there will be no grounds whatsoever to pinpoint our Register, as we shall in all aspects, regardless of the name Gibraltar at the stern, be classed as a ship the same as those registered at the port of London or Liverpool. I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

We welcome this Bill Mr Speaker, in general terms and we support it. We do have one or two matters to ask the Minister about. He has just mentioned for instance at the end of his intervention that ships registered in Gibraltar will consequent on the passing of this legislation be in exactly the same position as ships that would be registered in either London or Liverpool. Does that mean therefore that in effect the United Kingdom has already included in their own legislation and thereby giving effect to the provisions of the Conventions which we are going to introduce into our legislation. I would like the Minister when he exercises his right to reply to let us know about that. Also does he have any idea, how this legislation compares with the provisions of similar legislation in other Registries, such as the Isle of Man or other Registries which are likely to compete with Gibraltar. In the light of that perhaps I could also invite the Minister to tell the House whether he is satisfied,

having regard moreso to what the Chief Minister said this morning on the previous Bill, if he is satisfied that these provisions are not going to make the Gibraltar Registry uncompetitive. Obviously we want to get away from the image of the flag of convenience, we are putting our own house in order, but as a result of all the cumulative legislative steps that we are taking, is the Minister happy, is he satisfied, that in fact we will continue to have a Registry that is going to be competitive. I would invite him to consider those points.

MR SPEAKER:

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

HON M A FEETHAM:

The answer to the first question is yes, Mr Speaker, it had been included in the UK legislation and as to whether it compares favourably with the Isle of Man, in fact the legislation applies to all dependent territories so we are on par in that respect. With regard to the point if I am satisfied with the Registry and if it will be able to be competitive with other Registries, I am. We see the future of the Registry, not as a separate form of selling Gibraltar, we see it as part of a package with other port related matters thereby giving us an advantage to other territories, Mr Speaker, so I am satisfied.

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

HON M A FEETHAM:

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

This was agreed to.

THE SOCIAL SECURITY INSURANCE AMENDMENT ORDINANCE 1988

HON R MOR:

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

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

#### SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read

a second time. Mr Speaker, as can be clearly seen, the purpose of this Bill is twofold. In one respect it allows that in future all administrative costs incurred, as a result of administering the Social Security Insurance Ordinance should be charged to the Social Insurance Fund and not to the Consolidated Fund. This in effect will mean Mr Speaker, that all administrative costs of the Department of Labour and Social Security will be apportioned in such a manner that the whole of the cost related to the administration of the Social Insurance Fund will be charged to this Fund. In another respect this Bill releases the Minister responsible for this Ordinance from having to carry out annual reviews of contributions and benefits and yet allows the flexibility to carry out reviews when considered necessary. In any case increases on the weekly rate of contributions would be subject to approval by this House. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON DR R G VALARINO:

Yes Mr Speaker, the Honourable Minister has just read the explanatory memorandum of the Bill. We have now received further amendments which are to be put at Committee Stage. Now dealing with the Bill itself, Section 2, states "The Minister means the Minister responsible for the administration of the Ordinance". Now I take it to mean that this is in lieu of "Director" and I will also read the whole paragraph. "Director means the person who for the time being holding or carrying out such duties of the office of Director of Labour and Social Security or such other person as the Governor may appoint to administer the provisions of the Ordinance". I feel that in order to get the legal aspect right, as far as the amendment of this section is concerned, the words after "Labour and Social Security" should be done away with and then one could put in, "the Minister means the Minister responsible for the administration of the Ordinance". Otherwise if you put the Minister at the beginning stating that the Minister is the person responsible for carrying out the duties of the office of Director of Labour it is incorrect. The Attorney General will correct me on that point. I myself cannot see why the Minister and not the Director should be able to administer the provisions of the Ordinance. With regard to the amendment of Section 29, I agree with it since it is basically making sure that all expenditure incurred in the administration of the Social Insurance Fund will be charged to the Social Insurance Fund instead of the Consolidated Fund. The amendment of Section 52, in the original provision states "the Minister shall at such time as shall deem to him appropriate in respect of each year review the sum specified in the

following section". Now the new wording is "the Minister shall at such time as shall seem to him appropriate, therefore the words at "each year" have been replaced by the word "appropriate" and it certainly infers even if it does not mean that pensions will not be increased on an annual basis but as and when the Minister considers it necessary. Now I fully understand the reasons for this and the why this Bill has come to the House and I also fully understand the reasoning of the Government. It is in order to safeguard certain things that may occur in the future but yet by doing this, and I am thinking now of Gibraltar pensioners, and the fact that they may not receive an automatic increase to their pensions. To me this destroys the method since time immemorial of having three Motions coming to the House which increase pensions and benefits. Previously the Opposition have been able to say what they felt and the Government took it on board and it proved to be a good exercise. I feel that if in future increases are introduced in another way instead of by legislation it would tend to take away that ability from the present Opposition, because obviously once a Regulation appears we would be left with very little to say on the matter, and I am rather unhappy at this. We will at the Second Reading of this Bill vote in favour of the Bill. I intend to introduce a small amendment at Committee Stage and what I would like to say to the Honourable Mover of the Motion is that because he intends to introduce such substantive amendments at Committee Stage, I would be grateful if he could give us some time to go over these amendments and that we should therefore not take the Committee Stage and Third Reading of the Bill today. The Leader of the Opposition may wish to enlighten you further on this matter.

HON A J CANEPA:

Mr Speaker, we are very disappointed on this side of the House about the manner in which this Bill has been brought to the House and what is more about the amendments which have been circulated and we have found this afternoon on returning to the House. Amendments which indeed go much further and well beyond the scope of the original Bill. I am also very disappointed by how little Mr Mor has said about the Bill. He obviously considers it much more important to have an article on the front page of the Chronicle which says a great deal more about what the Government is intending to do on this matter, than what he has told the House. I think he owes us a little bit more courtesy, particularly since we are well disposed, and we are trying to support in every way that we can the Government in what it is trying to do. He has said very very little in support of the provisions of this Bill and therefore I am going to have to deal with some of the statements that he has made outside the House because more information is contained there than what he has put before the House this afternoon. What I cannot understand, Mr Speaker, is also how if apparently notice of these amendments was given on the 9 November, or at least it is dated

the 9 November, why we members of the Opposition have not seen these amendments until this afternoon. We find them on our desks this afternoon and the Minister does not make any reference whatsoever to them. I would have thought that during the Second Reading of the Bill he could have given us some indication as to the scope of these amendments because the Government would like us to allow Committee Stage to be taken today, if not it would be tomorrow morning.

HON CHIEF MINISTER:

If the Honourable Leader of the Opposition will give way? I will go into some explanation on these amendments and I am sorry that he has not seen them until today. However the idea is to take the Committee Stage of this Bill when we come back on the 28th, so Honourable Members opposite will have plenty of time to digest these amendments.

HON A J CANEPA:

Nevertheless, Mr Speaker, I think there are matters of principle that go well beyond what you would expect in Committee. From a very quick glance at the amendments that have been circulated, the establishment of two parts, one for the long term benefits, the pension fund and one for the short term benefits like unemployment benefit, maternity allowance. This is a major change to the Social Insurance Scheme, probably one of the greatest changes since I myself introduced the cost of living formula back in 1976 and therefore I think that it does not make for good procedure that we should be treated in this manner. I accept and I know that the Government is under pressure and that they have got difficulties because the matter is being actively pursued by the Chief Minister and obviously they do not have the elbow room that they would like but as I say were it not for the fact that we want to be as helpful as we can I think we would have been extremely perturbed about it and I hope that our acquiescence in allowing the Government to get on with the business and therefore not putting obstacles in their way, I hope that that would not be interpreted in the future as a precedence for them to treat us in this fashion. In future I hope that we are able to see matters dealt with on a different basis. The Bill now before the House, Mr Speaker, does away with a number of things. We support that the administrative charges of the Fund instead of being charged to the Consolidated Fund, in other words that taxpayers should have to pay, that it should be the contributors who will pay. There are historical reasons why these charges were laid to the Consolidated Fund. When the Social Insurance Scheme started in 1955 on a very modest basis and first of all interim pensions were paid in 1960 and five years later were again paid out of general revenue, is out of the Consolidated Fund because the Social Insurance Fund had not grown sufficiently during the first five years to be able to support these payments. Those were the first interim transitional pensions that were



paid five years later. The other pensions, the normal Old Age Pensions were first paid in 1965. Ten years after the Social Insurance Scheme had been set up and therefore again not enough contributions had come in and the Fund had not been built up to a level that could support these charges or the Government of the day took the view that because the pensions were being paid at the rate of £2.10p that as much help as possible should be given to the growth of the Social Insurance Fund and that is why these charges were made to the Consolidated Fund. For the same reason, even though the pensions in those days stood at £2.10p, £1 out of those £2.10p was paid out of general revenue. There was a sum set aside and transferred every year from General Revenue into the Social Insurance Fund thereby supplementing the Fund in order to enable the Fund to grow. That is the history of the matter and who would have thought in 1955 or in 1965 that the day would come when for other reasons it would be necessary to take these measures of charging the Fund. The Honourable Mr Mor has not told the House today what the extent of that commitment is, but he did make certain declarations in the press which indicate that the figure is around £1m according to press reports. I have done a little bit of research since then and I find it difficult to arrive at such a high figure and if it is not such a high figure in a way I am happy because the contributors who in future are going to have to meet the cost will not have their contributions increased by such an amount as if there was an annual commitment of £1m. I say that I do not think that it can be that high because what I understand is now charged to the Consolidated Fund in respect of the administration of the Fund is part of the salaries of officers employed in the Department of Labour and Social Security and for the year 1988/89, the total Personal Emoluments, the total bill for the Department of Labour and Social Security is £890,000. So therefore I cannot see how the proportion of those people who work directly in the Social Insurance Section together with a proportion of those who although not working directly, a proportion of their salary eg the Director of Labour, the Deputy Director and some other people may also be charged to the Fund. I would however imagine that that could not be much higher than 20% or 25% of the total Personal Emoluments of the Department and therefore the figure ought to be more like £200,000 or £250,000. To that amount we could perhaps add notionally a figure for rent although Government never charges any Departmental rent, but they could if they wanted to charge the Social Insurance Fund a notional figure for rent of the Social Insurance Section that part of the Haven occupied by the department for Social Insurance and they could also do something similar, I imagine, in respect of rates. There could be a figure put into the Social Insurance Fund as a charge, a legitimate charge, on the fund in respect of payment of rates. The only other matter that I think that could legitimately be charged would be the consumption of electricity, water and telephone by the department. All this I think would not come anywhere near £1m. If

they are able to confirm later on in the debate that this is the case then at least we will have confirmation of the view that I take that in fact it is not such a high figure and therefore contributors would not have their contributions increased as sharply as would otherwise be the case. I am frankly dissatisfied, Mr Speaker, that what the Bill is doing is taking away from the House the right that it now has to pass legislation originally on this matter. Originally we used to have to bring three Bills to the House and to make the procedure a little bit more straightforward, to give ourselves more time, because Bills have to be published. We changed the legislation, I think it was again in 1976 or 1977, so that it could be done by Motion in the House. That gave the department much more leeway and the Attorney General in trying to prepare the necessary legislation and now what is going to happen is that this House is not going to have any say whatsoever. Members of the Opposition, in particular, will not be able to put any input, we will not get an opportunity to debate any amendments, any changes in benefit unless we do it ex post facto when we learn about it in the Gazette, because the Government will publish Regulations in the Gazette and then we would have to bring our own Motion to the House and we will not be able in any way to influence the Government in its decision. The history of this matter is very different, I am sure the Honourable Mr Bossano will accept, that we took very close note, over the years, of what he had to say year after year when there was the annual review on the question of Social Security benefit.

HON CHIEF MINISTER:

You usually said no.

HON A J CANEPA:

No, I do not think that is correct, in fact I do recall myself being Minister for Labour and almost at the next meeting of the House bringing further legislation, as a result of points that he had made and which we had taken very much to heart, and we took very careful note and if we did not do it immediately the following year we would take note of what he had said. I think the history of what has happened in this House with regard to Social Security Pensions is a much happier one than a 14 to 1 vote against whenever he brought a Private Members' Motion that was not acceptable to Members of the House. Therefore because of that I would have hoped that he might have valued the contribution that we would make from this side of the House. Here we have in the previous Bill the Government giving us an opportunity in the Merchant Shipping Health and Welfare Ordinance Clause 4, in fact, under the second sub-clause "no Regulation would be made under this section unless a draft for the regulation has been laid and approved by resolution of the House". So this legislation gives the House powers and in another piece of legislation takes those powers away and we have not had any convincing

explanation about that, other than the Minister saying that it is for the sake of flexibility. There is much more to it than that. I feel very strongly, Mr Speaker, about the present provisions which are going to be repealed which require annual review and I am very emotionally committed and I think the Honourable Mr Bossano gave me every encouragement and support back in the middle seventies on the road that we set ourselves upon at that time. Indeed, I think that he has and he can correct me if I am wrong, I will give way, I think that he has on occasions described our scheme as perhaps the best in the world. Now what is going to happen? There is no guarantee that there are going to be annual reviews. The Minister will review the level of benefits, at an appropriate time, but workers in Gibraltar are entitled, as per the parity arrangements, to have an annual review of salaries and wages and that in effect means an increase every year in salaries and wages and I feel very strongly that if workers are entitled to that, pensioners should be treated in the same way and they should be entitled to an annual review. If that linkage is broken, if in future workers do not get an annual review, then there might be a good case for the level of pensions not to be reviewed. How is the level of pensions going to be reviewed? At the moment it is in line with the movement in average earnings. In future we do not know what is the Minister going to take into account? Is he going to take into account the level of average earnings? Is he going to take into account increases in cost of living? On what basis? These are very serious matters which obviously cause us a great deal of concern, I think the Bill effectively asks us to give the Government a blank cheque, in respect of benefits. I note that there is a provision in the Bill, Clause 4 sub-clause 3 "whereby there will be no increase in the weekly rate of contribution unless it is approved by resolution of the House". That therefore retains the present position. I would like the Government to try to convince us why the same cannot be done about the level of benefits. Why cannot the House at an appropriate time have sight of these increases or whatever increases the Government propose and give us an opportunity to debate. Why take these powers away from the House? It will amount to a complete departure from the practice used since the inception of the scheme and I feel very sorry, quite honestly, that because of the problems that the Spaniards have posed, things should come to, if that is the real reason why it has to be done, it is a rather sad day in many respects. The Minister has not said anything, in this House, about other plans which he may have. He has given information to the media about means testing. That is linked to what is before the House today, it is very closely linked to the matter. For instance, is it just persons in employment who earn more than a certain amount that may not receive their pensions, as I think is the practice in the United Kingdom. If you are in employment at the age of 65 and your income of employment is more than a certain figure, for five years you will not get your pension, but you will get your pension regardless

of whether you continue in employment at the age of 70. Is that what the Minister is thinking? Or is it just going to be income from any sources and not from employment and anyhow what about the fundamental principle, is it right that a contributor to the scheme who has been contributing for a lifetime in expectation that regardless of his income, regardless of whether he continues in employment after 65 or not, he has had every reasonably and legitimate expectation of collecting his old age pension at the age of 65. Is it right that that should be taken away? He has been paying to the scheme on a bona fide basis expecting to collect. Is that not what the scheme is about? Do you not get from the Social Insurance Scheme in accordance with what you have paid and why now this change. We are told that and I quote from press reports again "we should give money to the people who need it most". Indeed, of course, give money, but that is what we do under the Supplementary Benefit Scheme, but under the Social Insurance Scheme you are not giving money to people whether they need it or whether they do not. You are giving money to the people because they have earned the right to get an old age pension as a result of the contributions that they have paid over the years. I would say that if that is the intention, then that should be done under the aegis of a new scheme, so that new entrants, new contributors, know what there is in store for them, but a person who may be aged 64 today and is expecting in a year's time to get his old age pension and has got plans to take up a job, now he finds that if he continues in employment, apparently, he is not going to collect his old age pension. I think that that is wrong. It is alright for new entrants because they know on what basis they would be coming in and otherwise people in that position may have thought well, they may ask themselves, would it not have been better for me to have used those contributions, which today is £8 a week, to have put into a provident fund, to have gone along to an Insurance Company and taken out a life insurance. Taken out an annuity which might yield them more than what an abated pension would give or no pension at all for five years or in perpetuity if they continue in employment. These are very serious matters, Mr Speaker, which the Minister has chosen to make public, but which he has not brought to the House today and I do not know what the fear should be, quite honestly, because these are not matters that are directly linked to the problem of the Spanish Pensions, they may arise from that, but they can be debated and discussed without having a direct link in the sense of what arrangements the Government may or may not feel that they have to come to to deal with the problems of Spanish pensions. In introducing the whole concept of means testing, I think that the Government is taking a very serious step and it is not a step which one associates with socialists. I do not want to be more controversial, I am trying to be as constructive as possible

and to give Honourable Ministers opposite food for thought and therefore I do not wish to make statements that they would take offence to, but I am a student of politics and I am aware of the fact that means testing is by and large abhorrent to socialists and I am not as left as most of them are, but to me the concept is, insofar as social insurance is concerned, it is totally abhorrent. Here we are having a tremendous debate this afternoon at the same time as there is a tremendous debate in the United Kingdom precisely on the principle of means testing with the Labour Party taking issue and pillorying the Chancellor for statements which he is alleged to have made on the issue of means testing. Means testing is associated with people on the right of the political spectrum and not on the left of the political spectrum. So the Government is embarking, it is breaking new ground, it is embarking on changes which are going to go down very badly. People that have read these reports are alarmed at what is involved here. It is not clear whether we are just talking about employment, as I said earlier, or whether other income is going to be taken into account. If someone has a substantial pension already from employment what is his position vis-a-vis the old age pension? What about the self-employed? What about people who are not in employment but who are self employed? Professionals, what is their standing, what is their position going to be as a result of the measures. If it is going to be the case that pensioners in employment will not get their old age pension are we not discriminating unfairly against Gibraltarians and other Gibraltar pensioners? Because our ability to monitor and to follow up inspection outside Gibraltar is seriously bedevilled. If we are having difficulties about payment of pensions to people who may no longer be alive or to their families, how are we going to check whether people in neighbouring Spain are not in employment there and getting a pension at the same time, that is going to be very difficult. What about Morocco? The same, will apply, Moroccans will be able to collect their pensions and they will be able to take up employment in Morocco and we will not be able to do anything about it. But with regard to Gibraltar pensioners, yes, because Gibraltar is such a small place that we are going to be able to follow up, because we will know who is in employment and who is not in employment. These are also matters that I think the Government should take into account, because if a desire not to pay for Spanish pensions, we have to be careful that we do not in fact hit at our own people, that we do not indirectly make them, in some form or other pay for the Spanish pensions. Because it could be said that if I am aged over 65 and I take up employment and as a result I do not collect my old age pension, I could say, well you have done that in order to try to deal with this problem with the Spanish pensions, I am paying for the Spanish

pensions whether you like it or not, because you are penalising me. So I think we have to be careful that we do not penalise our own people indirectly under the guise, we are not going to pay, but yet in other respects apparently we are. I would imagine that there are acquired rights, I do not know whether the provisions in the United Kingdom with respect to pensioners who take up employment arose at the inception of the scheme or whether they came in later. I have a feeling that it was at the inception, because if it is not at the inception of the scheme, I think, that if not legally, morally, we are taking away acquired rights from people who are already pensioners and from those who are about to become pensioners. I hope I have dealt with all the bits and pieces of notes that I have made over the last few days with all the matters that have come up. Perhaps in Committee if we get an explanation as to what the amendments amount to and my very cursory reading gives me some indication of what they are, perhaps I will also be able to make in Committee Stage a valuable contribution. I urge the Government to view what I have said as coming from the heart, as coming from somebody who wants to be helpful, as coming from someone who attached a great deal of importance to this area of social concern during the nine years that I was Minister for Labour and Social Security. During those nine years there was nothing for me that was more important than what happened to our old age pensioners and I would urge the Government to reflect on what I have said and to see whether if the points that I am making have a legitimate basis to them, if there is reason behind the points that I am making, what they can do to meet these points and to alleviate the situation.

HON CHIEF MINISTER:

Mr Speaker, I accept what the Honourable Leader of the Opposition, says about his commitment to this particular area. I have seen it myself for many years on the opposite side and in fact I think it was in 1976 that I urged him to introduce the clause that we are now removing and he introduced it in 1978. Nevertheless much of what he has said is in fact irrelevant because I think what he is doing is speaking not to the Bill but to the article in the Chronicle and the article in the Chronicle and the Bill have nothing to do with each other. There will be no means testing of Social Security Benefits under this Ordinance. There cannot be, and there is no provision in the amendment for doing it. We are not introducing an amendment that allows us to means test benefits under the Social Security Ordinance which are Statutory Benefits. There is a fundamental difference in Community Law between Social Security and Social Assistance and it is in that area that we have to apply our minds to safeguard our citizens. It ought to be obvious to the Honourable Member that if we are looking for ways of overcoming the problem that we have of a liability of £250m to 9,000 Spanish pensioners there would not be much point in doing that by giving them means tested benefits all over Andalucia and having to



employ an army of inspectors to find out how they are living. So there is not the remotest possibility of that happening. It would be insane in our part to try and solve one problem by creating one that would be ten times bigger. All that the Bill does is to take one stage further what we did at the beginning of the summer, the last meeting of the House, where the first thing that we did was to remove the underwriting of the Social Insurance Fund by Consolidated Fund. Why? Because we were looking into the future, we have very tough negotiations to go through and we cannot be sure how they are going to finish and we want to limit the damage. Having done that, we have two choices, either we push up the cost this month or we do not push up the cost this month. Without this amendment we are required by the existing law to increase the size of the liability we are facing when we have not got the money to pay even without increasing it. Those are the realities of the situation that we face. There is no question of choice in this matter, either we take action to protect Gibraltar's basic fund and Government reserves or we run the risk of bankruptcy and we cannot take such a risk as a Government. So independent of what the Gibraltar Chronicle may have been speculating or trying to interpret or trying to predict what the Government was going to do, all that the Government is committed to doing at this stage, is introducing an amendment which gives us the right to increase or not to increase pensions and to increase it by whatever amount we think is appropriate in the circumstances of the time, and the circumstances today may be one and the circumstances after Friday may be another one. I cannot predict what the circumstances are going to be after Friday. However I can assure the House that this measure is neither intended to deprive the House of its prerogative in this matter, nor to deprive the Opposition of an opportunity to influence it. It is intended purely and simply to give us the maximum protection that we can achieve in the present circumstances without being in conflict with the Community Law and given the parameters of the discussions we are having with Her Majesty's Government which we do not want to pre-empt but nevertheless our primary obligation is to protect the Gibraltar taxpayers and the Gibraltar contributors and the Gibraltar pensioners as the Motion from the Honourable Member opposite says. It is in furtherance of what he is asking me to do in that Motion that we are bringing this Bill to the House. The amendment and I would have preferred frankly to take the Bill through before going to the meeting on Friday, but I felt it was not fair to the Opposition to bring in the amendments we want to bring in because I think if the original Bill, without amendments, had been here there would have been no difficulty in saying well right we are debating the basic principles, these are what the basic principles are about, I prefer to have it passed so that I can go with that in my pocket as it were when I go to London on Thursday evening. But I felt I could not really ask the Opposition to help me to that extent when I was bringing in lengthy new amendments and let me just say that those new amendments are only doing

one more thing and it is not as earth shaking as the Honourable Leader of the Opposition seems to think in terms of how fundamental they are. They are only fundamental in one respect, what they intend to do is to separate out short term benefits which by definition do not apply to frontier workers. Now what is the consequence of that? Well the consequence of that is that the pot that is available becomes smaller, that is all that we are doing. It does not alter the level of those benefits, it does not mean test those benefits, it does not prevent those benefits from going up every year, because the only benefit that we are separating out and treating differently is the Old Age Pension for reasons that we all know. Therefore the more isolated we can have that one, which is the one that is in dispute as it were, the less we have everything else at risk. So if we face the situation hypothetically where we were unable to protect ourselves adequately and we had to spend all the money in the fund on paying out pensions, at least the money for the other things would be safe. Just like the Industrial Injury Benefits are in a total Independent Fund and therefore even if we run out of money in the Fund that pays the pensions we would still have money which could not be touched. So just like we have isolated the Consolidated Fund we now want to isolate the short-term benefits which today are at risk because they are indistinguishable in the one and only Fund that there is. That is the purpose of the amendment and it has no other purpose, but as I say I would have preferred to go ahead with this.....

HON A J CANEPA:

If the Honourable Member will give way. I am reading further now through the amendments. I take it that actuarial advice is going to be taken on the apportionment of the Fund, the existing balance in the Fund will have to be apportioned as between the short-term benefits and the long-term benefits and indeed a proportion of future contributions and what the Government is doing is getting enabling powers. That exercise will then be carried out and they will then come back to the House by resolution, that is the position?

HON CHIEF MINISTER:

That is correct Mr Speaker. That is the position and in fact we have already asked the UK Government Actuary that did the recent review of the Fund to carry out the two exercises. The exercise will be identifying what proportion of the contribution is required to finance those particular benefits and what proportion of the accumulated reserves could legitimately be considered to be for the purpose of backing these independent benefits and therefore all that this does, as the Honourable Member says, is in fact to enable that to happen. Under the existing law it could not happen.

HON A J CANEPA:

Mr Speaker, with your indulgence I think we might be able to expedite the proceedings of the House in the way that we desire if you allow me some leeway the Honourable Member gives way and I am able to elucidate.

MR SPEAKER:

Most certainly.

HON A J CANEPA:

Would the Honourable Chief Minister also explain what exactly is the Government proposing to do about the functions of this House with regard to the level of benefits. Is it just for this year, for the beginning of 1989, that this Bill is putting into abeyance the increase and is it Government's intention at some future date to come back to the House?

HON CHIEF MINISTER:

The position is that all the benefits other than the Old Age Pension have been dealt with as normally this year and it is the intention that that should continue to be so. No change is planned in any of those areas. By separating out the funds, it is much easier to do precisely that. There will therefore remain within the Social Insurance system one Fund which is the Pension Fund and where the review will not be automatic. The extent to which the review takes place after 1989 and the degree to which it takes place after 1989 is in fact conditional on the nature of the agreement reached with the United Kingdom. The position of the Government from the beginning has been that we will tailor our scheme to the degree that the British Government is prepared to contribute and then we will have to seek alternative forms of looking after those that need looking after.

HON A J CANEPA:

I understand perfectly, will the Chief Minister accept the desirability, after he reaches hopefully agreement with the British Government, of continuing to allow this House to have a say in fixing the level of benefits as was the previous practice. If he is able to come to an agreement which will allow for that, will he accept that that is highly desirable.

HON CHIEF MINISTER:

I accept that it is highly desirable, Mr Speaker. The only thing that I have to say is that whatever we do to resolve the problem that we face, has to be done in accordance with Community Law, and Community Law places certain obligations on statutory rights which do not necessarily apply in the case of non-statutory rights and therefore if it is not possible to achieve what I think

we all want by a resolution of the House or by changing legislation and it has to be done in an administrative fashion, what I am quite happy to do is to not just inform members opposite of what has been done but inform members opposite of what it is intended to do before it happens and take into account their views if we are not able to do it here.

MR SPEAKER:

Are there any other contributors?

HON P C MONTEGRIFFO:

Mr Speaker, I will just like to raise one matter in this debate which is whether this is the full extent of the protective measures that the Government envisages is necessary to protect the Fund. There has been in the past a fair amount of talk on the famous Section 10A the residential clause and whether it was still possible at this stage to effect some amendment to that clause. I would just like, so we all know where we are going, to know whether that is no longer an option and we have gone as far as the Government feels that it is possible to go in protecting the position.

HON CHIEF MINISTER:

No, there are, I think certain changes that can still be done which are of relevance to Section 10A but that is related to the qualifying conditions in terms of the annual average and that does not require a change in the Ordinance, that can be done by changing the Rules made under the Ordinance and if we change the Rules under the Ordinance we effectively overcome the problem of 10A.

MR SPEAKER:

Any other contributors, does the Honourable Mover wish to reply?

HON R MOR:

Mr Speaker, all we really wish to do is ask the Opposition whether we can have some indication of whether they are prepared to go along with this legislation today?

HON A J CANEPA:

We support the Bill, Mr Speaker, and we also support that it be taken in Committee today, if possible.

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

HON R MOR:

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

This was agreed to.

THE SOCIAL SECURITY (FAMILY ALLOWANCES)(REPEAL) ORDINANCE  
1988

HON R MOR:

Sir I have the honour to move that a Bill for an Ordinance to Repeal the Social Security (Family Allowances) Ordinance be read a first time.

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

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Sir the obligations which have been imposed on us by membership of the European Community has placed at risk our capacity to meet Family Allowances in future under this Ordinance. The Government has therefore decided to study the possibility of devising a new scheme which will be compatible with Community Law and my department is currently involved in finalising the details. The alternative arrangements that are to be made will ensure that the position of residence is fully protected. Once the details of the scheme are finalised, it is the Government's intention to discuss the proposals, on a confidential basis, with the Opposition spokesman on Labour and Social Security and a meeting will be arranged for this purpose. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON DR R G VALARINO:

Yes Sir, the Bill is clear enough and I thank the Honourable Minister for his offer to discuss with me, on a confidential basis, details about what the Government intends to do. There is really not much else to say on this.

HON A J CANEPA:

Mr Speaker, I held a meeting with the Chief Minister on this matter in which he gave me considerable background as to the reasoning and the need behind this measure and also gave me an indication of what the Government was hoping to do. I think it has subsequently been pointed out to the Chief Minister that almost as much information as what he gave me appeared subsequently in the newspapers much to his surprise. However be that as it may, we wanted to take the matter on a rather low key here today and of

course we will do so. I note that the Honourable Mover has said on the position of residence and I made a note of his words. He did not just say that they would be protected but fully protected and therefore in the light of that we will support the Bill.

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

HON R MOR:

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

This was agreed to.

THE MEDICAL GROUP PRACTICE SCHEME AMENDMENT ORDINANCE 1988

HON MISS M I MONTEGRIFFO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Medical (Group Practice Medical Scheme) Ordinance be read a first time.

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

HON MISS M I MONTEGRIFFO:

Mr Speaker, I have the honour to move that the Bill be now read a second time. The Bill that I am moving is part of the tidying up exercise that the Government is engaged in as we see the Health Authority operating in practice. We have already mentioned at question time that we found serious practical problems with the original idea of transferring people from the Government service to the service of the Health Authority with separate and independent conditions of service, particularly with a guarantee that all those who were in post would have their rights protected. Certain anomalies were seen to be created involving people who had been recruited from the Government and people who had been recruited from outside the public service and we found that there were complications and we have restored the position in a way that we think will be more sensible. In looking at the integration of the Service therefore, Mr Speaker, we have now looked how the GPMS Scheme operates. It is quite obvious GPMS contributions were precisely provided for in the Ordinance for the purpose of running the Health Centre. In the changes introduced last year under the Gibraltar Health Authority the situation is that it is no longer the Government that collects the GPMS contributions, although in fact, the GPMS Ordinance itself has not been altered to take this into account. However in this year's estimates for the first time we gave effect to the new financial procedures introduced by the previous administration on the basis that the contributions to the GPMS now go directly

to the Health Authority and the Government subsidy to the Health Authority is in fact arrived at on a net basis. Previously, the Government collected the GPMS contributions and that was shown on the Revenue side as Government Income and the Government then made a global payment to the Medical Department which in effect included the amount it had collected in GPMS contributions. Although, Mr Speaker, we have stopped doing this since the beginning of April, as the Estimates of Revenue and Expenditure show. In fact, the desirability of altering the Ordinance for the Group Practice Medical Scheme to give legislative effect to this was overlooked. It appears to the Government that there is an inconsistency therefore in that the Ordinance says that the contributions go to the Group Practice Medical Scheme when in fact they are already going to the Gibraltar Health Authority and the Gibraltar Health Authority treats this as income which it can use to meet any of its expenses and not specifically allocate it exclusively to meet the GP Service. So we have a situation really, Mr Speaker, where the Gibraltar Health Authority Ordinance says one thing and the Group Practice Medical Scheme Ordinance says another thing and we are now rationalising the situation. Mr Speaker in doing so we are giving the additional flexibility to the Health Authority to be able to review these fees when it considers necessary by Regulation as is the case in many other Ordinances.

MR SPEAKER:

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

HON M A FEATHERSTONE:

Yes Mr Speaker. We are not fully happy with the provisions of this Bill. We quite agree that the scheme should be administered by the Gibraltar Health Authority and we are quite happy that all the monies received from weekly contributions and annual fees paid quarterly should go direct to the Health Authority, but we do not agree that the Health Authority should be the sole arbiter in prescribing the rates at which such fees and contributions should be made. This has been the prerogative of the House until now and we feel it should continue. We will therefore be bringing an amendment at Committee Stage so that the weekly contributions and annual fees should be prescribed by resolution of the House. Thank you Sir.

MR SPEAKER:

Are there any other contributors?

HON CHIEF MINISTER:

I do not think we can accept that amendment, but we will look at it and we will not discard it out of hand until we have seen to what extent it is compatible with the

forward planning that we have for the financing of the Medical Services in relation to the way contributions are collected and how they are passed on. At the moment they are taken in through the Treasury and then until last year, Mr Speaker, what was happening was, looking at last year's Estimates, was that the Medical Services on the Expenditure Side was in fact absorbing what was shown as Government Revenue as Departmental Earnings. I remember in fact asking the Honourable Member opposite to tell me in 1986/87 to explain to me how it was that they were collecting £928,000 in hospital fees and then it turned out that it was not hospital fees, in fact the bulk of it was the GPMS. However it was being treated no differently from tonnage dues and berthing charges and anything else. It was just Government Revenue being collected. We now have a situation where really it is not the Government that is collecting the revenue because it does not show up in this year's Estimates as Government income and therefore what the Government is doing is providing from the general body of its own revenue, a subsidy to the Health Service which is in a way the shortfall between the Health Service's own income and the Health Service's expenditure. I suppose it is like what we do with Mount Alvernia. Where Mount Alvernia has its own income and we as a Government give them what is the gap. Now we would not increase the fees at Mount Alvernia by resolution of the House. I really think there is an inconsistency in saying we decide here in this House by resolution what the fee should be, but when we charge the fee that money does not come to us, it goes to somebody else. So I think for consistency of logic and frankly at the end of the day whether we raise the fees by passing the resolution of the House or we raise the fees by the Health Authority doing it, the buck stops here and the Honourable Member knows that because he has been here long enough on this side to know that. The political responsibility will be carried by the Government of the day whatever the institution is. We are however trying to move towards a more rational relationship between the Government as a Government and the Health Authority as the body that administers the Health Services. It is in the light of the whole question of the funding of Social Security that the Government will give some kind of policy directive to the Health Authority as to how the level of fees should be fixed. I do not want to be negative and turn down the amendment before I have even seen it. We will look at it and maybe we can meet the point in some other way. Maybe we can table the thing in the House and although I am not too happy about the idea that we pass the resolution of the House and then the money that that produces as income is not Government Revenue.

HON P C MONTEGRIFFO:

Mr Speaker, I am grateful to the Chief Minister for his explanation, but we are not entirely satisfied with his reply. If the logic is extended then political responsibility always rests with the Government and if we have no House it is just discussed at the elections after four years and then we have another Government or the same Government. Our concern really is more in respect of contributions than the annual fees and I wonder whether

limiting its contributions will help the Government at all in being open to persuasion. With respect, I do not accept necessarily the force of the argument that logically there is an inconsistency in this House forming a view on what the level of contributions should be when the money is destined to the Gibraltar Health Authority. Because at the end of the day, as you rightly say the buck stops at the Government side. What it does is allow public debate not just by the Opposition but public debate generally in that the matter comes to light in a more open fashion. As I say our main concern is the question of contributions. If by limiting the amendment to that, that helps at all, we are willing to accept that.

HON CHIEF MINISTER:

Let me just say, Mr Speaker, that the Honourable Member opposite that has just spoken may not of course be aware of it, but I am sure the Honourable Mr Featherstone who has shown concern about this House losing this right will not have forgotten that the last time that he raised the contributions for the GPMS, he forgot to bring it to the House altogether and he was actually collecting the increased contribution for several months illegally until I pointed it out to him. So I am not discarding that we will consider his amendment but I can assure him that if we decided not to bring it to the House we will change the law first. We will not do it the way he did it the last time.

HON M K FEATHERSTONE:

The point is taken.

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

HON MISS M I MONTEGRIFFO:

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

This was agreed to.

THE DRUG TRAFFICKING OFFENCES ORDINANCE 1988

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to make provision for the recovery of the proceeds of drug trafficking and other provisions in connection with drug trafficking be read for the first time.

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

## SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker this is a somewhat complicated piece of legislation which is based on the provisions of the Drug Trafficking Offences Act of 1986. However I shall endeavour to explain the various clauses in the Bill. Mr Speaker, Clause 4 of the Bill obliges the Supreme Court to make a confiscation where the person who has benefitted from drug trafficking is sentenced for a drug trafficking offence. The amount of the compensation order is determined in accordance with Clause 5 of the Bill and any payments, benefits or reward proved to have been received by a person at any time, whether before or after this Ordinance comes into operation, in connection with drug trafficking and that person's proceeds from drug trafficking, as such, are liable to confiscation. Therefore everything that that person is proved to have gained through drug trafficking is liable to be confiscated, whenever it was gained either before or after the Bill. In assessing, and this is a further provision Mr Speaker, which must not be confused with the earlier provision, in assessing the amount of the compensation order, the court may assume, unless the contrary is proved, that the whole of the defendant's assets at the time of his conviction and any property which has passed through his hands during the previous six years represented the proceeds of drug trafficking. Therefore anything which is proved to be proceeds of drug trafficking is liable to confiscation. Property which he possesses at the time of his conviction of a drug trafficking offence and any property which has passed through his hands in the past six years are assumed to be the proceeds of drug trafficking unless the defendant proves to the contrary. Clause 6 of the Bill, Mr Speaker, enables the prosecution and the defendant to agree about any matters relevant to the court's determination of the amount to be paid under a confiscation order. Clause 7 provides that the amount of confiscation order shall be the amount which the Supreme Court assesses to be the value of the proceeds of drug trafficking by the defendant or the amount to which it may be realised from the defendant's property whichever is the less. Clause 8 of the Bill, Mr Speaker, sets out the maximum periods of imprisonment to be served, where the amount of the confiscation order is not paid in full. At Clauses 9 to 12, Mr Speaker, where the proceedings for a drug trafficking offence has been or is about to be instituted and the Supreme Court is satisfied that there is a reasonable cause to believe that the defendant, or a proposed defendant, has benefitted from drug trafficking, the court may make a restraint order prohibiting the transfer or disposal of any realisable property of the defendant or proposed defendant and/or impose a Charging Order on the land, security, stock, shares etc of the defendant or proposed defendant. Clauses 13 to 15 enables the Supreme Court to appoint a Receiver for

the purposes of realising the defendant's property and for the proceeds of the property so realised to be applied for the purpose of satisfying the confiscation order. Clause 16 enables the defendant to apply for a variation of the confiscation order, if his realisable property is inadequate to pay the amount of the confiscation order. Clauses 17 and 18 deal with the decision on the bankruptcy or winding up of persons and companies holding realisable property which is the subject to the provisions of the legislation. Clause 20 enables the court to order the payment of compensation to a defendant who is not convicted of a drugs trafficking offence or his conviction is quashed or he is pardoned in respect of a drugs trafficking offence. If the court is satisfied that there has been a serious default in the investigation or the prosecution of the case and the defendant has thereby suffered material loss. Clause 21 makes it an offence to assist the drug trafficker to retain the benefit of any drug trafficking. Clause 22 provides for the registration of the enforcement by the Supreme Court confiscation orders made by the courts in certain designated countries. Clauses 23 to 26 empower the judges at the Supreme Court to make orders enabling police and customs officers to have access to or to remove material for the purpose of an investigation into drug trafficking to which a search warrant has been given to such officers and to require Government departments to disclose material in their possession which the courts deem necessary for the purpose of making and enforcing restraint, charging or confiscation orders. Clause 27 of the Bill, Mr Speaker, makes it an offence where an order has been made or applied for under Clause 23 or a search warrant issued under Clause 24 for a person who knows or suspects that an investigation is taking place to make any disclosure which is likely to prejudice the investigation. Clause 28 authorises the police to delay notification of the persons arrested when a Police Superintendent or above believes that to do so will hinder the recovery of the proceeds of drug trafficking. Clause 30 creates the offence of supplying or offering to supply articles such as cocaine kits to facilitate drug taking and that deals in outline, Mr Speaker, with the various clauses of the Bill. If there are any difficulties, with any particular provisions of the clauses I can deal with them in Committee, Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we in the Opposition wholeheartedly welcome and support this Bill. It is of course part of a series of measures which have been taken in recent years and which

we are still in the process of taking in order to combat this evil, this scourge of modern society which is drug trafficking. I recall other measures that have been taken like, the introduction of legislation on fast launches, the setting up of the Drug Dogs Section and this is a further step that we have taken to try to combat this evil. This Bill, an identical Bill, was approved by the Council of Ministers which I had the honour to chair for a little while, back in February of this year, and even though we knew that there was no chance of bringing the Bill to the House, we had it published because we thought that it should be taken as a declaration of intent on Gibraltar's part of what we wanted to do and to give notice to persons who are involved in this trafficking business, to give them notice of what we intended to do. We also committed ourselves in our electoral manifesto to enact the legislation if we were returned to Government. We therefore wholeheartedly support it. The only point that we would like further consideration to be given is the one which has been subsequently aired in the press and that is on page 122 of the Bill, Clause 5 (3) (2) namely that the period when proceedings are instituted against a defendant is limited to six years and we would urge a longer period perhaps that it should be doubled to twelve years and I would like the Government to give serious consideration to that. Presumably six years has been taken straight out of the UK legislation and I do not see any reason why we should not go further and we would like the Government, if they do not find any serious reason to object to that, to support such an amendment. So we welcome and we support the Bill.

MR SPEAKER:

Are there any other contributors?

HON CHIEF MINISTER:

Mr Speaker, the Honourable and Learned Leader of the Opposition is quite correct.

HON A J CANEPA:

Not Learned.

HON CHIEF MINISTER:

Not Learned, I am sorry. The Learned Member disappeared before I could put him into Opposition, I accept that. The Ordinance is in fact unchanged from the version that was published under the previous administration and we have not had any input into it ourselves. Therefore I have no idea where the six came from but I would imagine it is because it is so in the UK legislation. We do not have any strong feelings about it, but I believe that the Attorney General would like this to go on the Statute Book as soon as possible.



MR SPEAKER:

Does the Honourable and Learned Attorney General wish to reply?

HON ATTORNEY-GENERAL:

Mr Speaker, it is very attractive for the prosecutor to say "oh yes let us go back twelve years and get all the assets going back to twelve years ago" but I think you have got to consider the burden of proof. If I can prove, as a prosecutor, that a man has obtained the proceeds of drug trafficking, the duty and burden of proof is on me. If I can prove it, if he has got it twenty-five years ago and I can prove that came from drug trafficking, then I should be able to deem those proceeds as being the proceeds of drug trafficking because I can prove it. Now this assumption, when the prisoner or the defendant appears, when he is charged, every bit of property he has on being charged and convicted, is deemed to be the proceeds of drug trafficking. Every penny he has, is deemed to be the proceeds of drug trafficking, unless he can prove that "No I did not get that from drug trafficking, I got that from the lottery, I got that from some other thing". However, it goes further than that, every transaction, every bit of property that passed through your hands in the preceding six years is deemed to be the proceeds of drug trafficking, unless you can prove to the contrary. Now you might keep your documents proving a legitimate transaction for six years, I think the laws of contract you can prove a contract going back six years except a speciality contract which goes back twelve years, but in punishing drug traffickers, we must not put an unfair burden on them. Now quite honestly the duty is on the Crown to prove the proceeds of drug trafficking and the property which the defendant has on conviction, which is in the Bill, unless he can say no I did not get that from drug trafficking and I think property which he has acquired in the past six years or which he has handled over the past six years is reasonable. For goodness sake let us not go and hound them and say everything over the last twelve or twenty years. I think we have to maintain that there is still a burden of proof in criminal cases on the Crown and much as I despise this sort of offence we must still balance the scales of justice and be reasonable and fair and proper although it comes hard from the prosecutor.

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

HON ATTORNEY-GENERAL:

Mr Speaker I beg to give notice that the Committee Stage be taken at a later stage in the meeting.

This was agreed to.

THE ADMINISTRATION OF JUSTICE MISCELLANEOUS PROVISIONS  
ORDINANCE 1988

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend several provisions of the Criminal Procedure Ordinance, The Supreme Court Ordinance, The Magistrates Court Ordinance, The Court of Appeal Ordinance be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir I have the honour to move that the Bill be now read a second time. Mr Speaker this Bill has four main objects. The first provides the machinery to enable the Supreme Court to review the proceedings of the inferior courts. This is dealt within clauses 3 and 9 of the Bill Mr Speaker. The second object is to follow the Supreme Court Act 1981 of the United Kingdom and make statutory provision for the orders of mandamus, prohibition and certiorari. Clause 4 of the Bill deals with this. And the third object is to clarify the existing law on the disqualification of jurors and to exempt members of the Public Service Commission from serving on juries. Clauses 5 and 6 of the Bill deals with that. The last object is to confer on magistrates the power to deal with contempt of court. This is dealt within Clause 8 of the Bill. Mr Speaker, I will be moving certain amendments at Committee Stage to make provision and to ensure that the Supreme Court has power to impose fees in the various inferior courts. Some doubts have been cast on the power of the Chief Justice to charge fees in the various courts and I am making sure in the amendments I am introducing in Committee Stage that that point will be covered Mr Speaker, to deal with Clauses 3 and 9 of the Bill, Section 17 of the Supreme Court Ordinance gives the Supreme Court power to review the proceedings of the inferior courts of justice in Gibraltar. But, Mr Speaker, the section provides no machinery for the exercise by the court of that power, and Clause 3 of the Bill remedies that defect by providing that the Attorney General may within a period of thirty days following a decision of an inferior court, apply to the Supreme Court to review that decision. On review and after hearing counsel the Supreme Court may set aside or vary the decision of the inferior court or send the case back to that court with the appropriate directions. There is a powerful protection against the Attorney General going too far under this particular provision, in that a proviso is added stating that no application may be made with regard to a sentence of imprisonment passed on conviction at an inferior court. Therefore the Attorney General cannot

ask the Supreme Court to review sentences of imprisonment imposed by an inferior court. Clause 9 of the Bill amends the Court of Appeal Ordinance to enable the parties to appeal to the Court of Appeal against the decision made by the Supreme Court on review. To deal now with Clause 4 of the Bill, Mr Speaker, in both Gibraltar and in the United Kingdom, the Statute Law makes no provision for procedures on application for judicial review. These procedures were governed by the Rules of Court. That decision changed in 1981 in the United Kingdom with the enactment of the Supreme Court Act and, Mr Speaker, in order to ensure that the remedy of judicial review is still available to the Supreme Court of Gibraltar, it has been decided to enact the provisions of Sections 29 and 31 of the United Kingdom Supreme Court Act and this is exactly what Clause 4 of the Bill does. Mr Speaker you probably know more about Clause 5 of the Bill than I do, but as I understand certain members of the Public Service Commission requested to be exempt from jury service. I think the reason was to avoid a conflict between their duties as jurors and their duties as members of the Public Service Commission in dealing with public servants who had the misfortune to appear in court as defendants. Clause 5 of the Bill renders members of the Public Service Commission ineligible for jury service. Clause 6, Mr Speaker, tidies up the existing paragraphs C and D of Section 21 of the Supreme Court Ordinance, dealing with persons who are disqualified from serving as jurors. The existing law, Mr Speaker, merely speaks about sentences of imprisonment or detention in Commonwealth Countries. Now, Clause 6 of the Bill refers to convictions for criminal offences by courts of law in any country and we are a little bit worried about detention orders involving some of the countries and we are also a little bit worried as to whether they had to be for criminal offences and whether the orders had to be made by courts of law. The amendments we are making in Clause 6 of the Bill makes it perfectly clear that it must be for criminal offences sentenced by a court of law in any country. Clause 8 of the Bill, Mr Speaker, follows Section 12 of the United Kingdom Contempt of Court Act 1981 and confers upon the Magistrates Court the power to deal with contempts which is in the face of the court. At the moment they do not have that power and on occasions defendants behave in a very unruly manner before the Magistrates' Court and all the Magistrates' Court can do, under the present law, is to report the matter either to the Supreme Court or to me to move the Supreme Court for contempt of court by those defendants. We consider it far better to follow the United Kingdom and deal with contempt of court there and then on the spot and Clause 8 of the Bill enables the Magistrate's Court to do that Mr Speaker. Clause 2 of the Bill Mr Speaker remedies an obvious admission in Section 53 of the Criminal Procedure Ordinance and Section 53(3) reads "in this section inferior court means the Magistrates' Court or the Coroner". All we want to do is to insert in this Section "inferior court means the Magistrates' Court or the Juvenile Court or the

Coroner. And Clause 7, inserts a heading which has been missed out by the Printer, Mr Speaker. The heading is indicating in the index to the Ordinance that it is omitted from the text of the Ordinance, Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we are grateful to the Attorney General for his exhaustive explanation of the Clauses and we particularly welcome the provisions in relation to the jury eligibility and judicial review which has been in an omission for some time and now clarifies the position substantially.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE CHARGING ORDERS ORDINANCE 1988

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to make provision for imposing charges to secure payments of money due or to become due under judgements or orders of the court to provide for restraining and prohibited dealings with and the making of payments in respect of certain securities and for connected purposes be read a first time.

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

#### SECOND READING

HON ATTORNEY-GENERAL:

Sir I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill is based on the Charging Orders Acts 1979 of the United Kingdom and is brought to this House on the recommendation of the Law Revision Committee which is chaired by the Chief Justice. Mr Speaker, the purpose of his legislation is to provide a means of enforcing a judgement or order made by the Supreme Court or by the Court of First Instance that a

person, that is a debtor, pay a sum of money to another person that is a creditor. If the debtor owns property of the kind specified in Clause 4 of the Bill that is Trust, Property, Land, Securities, Stocks, Shares, Unit Trusts etc, then if this Bill becomes law, Mr Speaker, the creditor will be able to apply to the court for an order imposing on such property a charge for securing the payment of the money found to be owing under the judgement or order made by the court. An application for a Charging Order in respect of a Supreme Court judgement debt of over £1000 will have to be made to the Supreme Court but in all other cases the application may be made in either the Supreme Court or in the Court of First Instance whichever is the most appropriate. That is the purpose of the Bill and I commend it to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we are entirely happy with this Bill. It follows the UK position and again it will be a very useful asset and weapon which the court will have in dealing with the matters that it provides for.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE FAST LAUNCHES CONTROL AMENDMENT ORDINANCE 1988

HON ATTORNEY-GENERAL:

Sir I have the honour to move that a Bill for an Ordinance to amend the Fast Launches Control Ordinance 1987 be read a first time.

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

#### SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill be now read a second time. Mr Speaker, it is with some embarrassment that I stand here this afternoon. You will recall that I first published the Bill for the Fast Launches (Control)

Ordinance in May 1987. The Bill contained the definition of territorial waters and the chart showing those waters. Now on the 20 June 1987, I gave notice that I needed to amend the Bill, at Committee Stage, to incorporate a new definition of territorial waters and a new chart. Now, Mr Speaker, I have to come before this House and say, I am sorry not only do I have to amend the definition of territorial waters in the Ordinance but I have also got to delete the words "territorial waters" and substitute the rather less glamorous expression of "controlled area". It would seem, Mr Speaker, that the definition contained in the Ordinance, not only encroaches in one place on Spanish territorial waters but it also leaves out part of the area that Her Majesty's Government claims as the territorial waters of Gibraltar. The areas in question are not extensive and there is no need to amend the chart contained in the Schedule to the Ordinance. Clause 3A of the Bill, Mr Speaker, hopefully, now contains the correct description of the area in question. Mr Speaker, I have agreed to substitute the expression "controlled area" for the expression "territorial waters" in order to avoid anything which might possibly prejudice Her Majesty's Government's position in protecting the integrity of Gibraltar Territorial Waters. Mr Speaker, I apologise for having taken the time of this House once again to deal with an error in this legislation. I hope this will be the last time that I have to come and correct it. I do not think I will have the courage to come again. Mr Speaker I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Simply to say that even if an error had not been made, and I think the re-definition of the area to "controlled area" as opposed to "territorial waters" was worth bringing to this House, since otherwise I think potentially there was a prejudice to the position of what the definition "territorial waters" meant in a general context. So I think it is a worthwhile amendment in any event.

HON ATTORNEY-GENERAL:

So controlled area is alright.

HON A J CANEPA:

Will the Attorney General guarantee that the poor dolphins in the bay will now know where they are?

HON ATTORNEY-GENERAL:

With this legislation, Mr Speaker, I give him no guarantees about anything.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE INSURANCE MOTOR VEHICLES (THIRD PARTY RISKS)  
(AMENDMENT) ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Insurance Motor Vehicles (Third Party Risks) Ordinance 1986 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill, Mr Speaker, was published earlier in the year, on the 7th July, to allow both for any representation which might be made from the insurance industry and also to give insurers time in which to provide any documentation which might follow the implementation of the measures of the Bill. The principle purpose of the Bill is to implement the obligations arising out of the Second EEC Directive relating to insurance against civil liability in respect of the use of motor vehicles. It introduces the changes necessary to extend the compulsory insurance law to cover liability for damage to third parties property as well as for injury. I should perhaps mention that the First Directive required Motor Insurance policies issued in one Member State to cover risks compulsorily insurable in all other Member States. It is an account for agreements by which National Insurers Bureau undertook to meet compulsorily insurable liabilities generated in their territories by vehicles from other Member States. These arrangements apply even when the vehicles concerned are uninsured. It is therefore for the Directive to abolish frontier checks on insurance and thus facilitate movement. The First Directive was given effect by means of the Insurance Motor Vehicles (Third Party Risks) Ordinance 1986, and an agreement was signed with the British Motor Insurers Bureau for the payment of compensation for death of or bodily injury to victims of accidents caused by uninsured or untraced drivers. The Second Directive with which we are concerned today has to be implemented by the 31st December 1988. It introduces a degree of harmonisation

of the scope of compulsory insurance requirements of the Member States and stipulates the minimum amount of cover for compensating victims of road accidents, ie 350,000 Ecus which is about £242,000 for each and every injured accident victim. The courts of law, in line with the United Kingdom's law, already provides for unlimited cover in respect of death or bodily injury and so no change is proposed to this unlimited cover. The Second Directive also requires Member States to make cover for damage to property compulsory, at least up to the amount specified therein, ie 100,000 Ecus about £69,000 per claim. Minimum guarantees are however subject to a Member States right to require a higher guarantee. Accordingly, it is proposed in line with the law in the United Kingdom, that compulsory property damage cover in Gibraltar be up to at least £250,000 for anyone accident. Many private car policies provide property damage cover up to this figure and since the new limits are within the range already provided under policies they should not lead to premium increases. The introduction of the limit on the amount for which an insured person is required to be covered in respect to damage to property requires modification of an insurers obligation under Section 13 of the Ordinance to meet judgements. The insurers liability for such damage will be to pay only up to the statutory limit even though the policy may well provide cover for more than this. Further amendments proposed in this Section binds an insurer to satisfy a judgement which is obtained against a person not insured by a policy, subject to certain exceptions in the case of vehicles stolen or unlawfully taken. However it allows the insurer to recover such an amount from either that person or a person who is insured by a policy who caused or permitted the use of the vehicle. As the amendments proposed are in keeping with those being affected in the United Kingdom, Gibraltar will be able to achieve an extension of the Motor Insurers Bureau guarantee bond arrangements in the field of property damage, on the same lines as those expected to be made in the United Kingdom itself from the 31st December 1988. As to the Bill itself, Mr Speaker, Clause 3 extends compulsory Motor Vehicle Insurance Cover in respect of the use of a motor vehicle on a road in Gibraltar to include liabilities which may be incurred in respect of damage to property and sets the minimum cover for such liability at £250,000 for anyone accident. The Clause also makes it explicit that vehicles which are now exempted from registration under the Traffic Ordinance ie motorcycles with an engine capacity of 50 cc or less need to be covered by a third party insurance when the keeper is permanently resident in Gibraltar. Clause 4 modifies an insurers obligation to meet judgement to which an insured person is required to be covered in respect of damage to property. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Sir, we fully support this Bill. We are pleased to see that we are moving in line with the EEC but we do hope that Spain follows suit and we do not get the incidence that we have had in the past of people coming in with the minimum insurance, creating an accident here, and not being liable to pay. I do not share the optimism of the Honourable Financial Secretary that premiums will not be increased. I know Insurance companies very well from the past and they take every opportunity to make an increase wherever they are able to do so. But the Bill does fulfill a need and we accept it fully.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION(1984/85)ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st March 1985 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. This Supplementary Appropriation Bill seeks to appropriate the net unauthorised excess expenditure incurred in the Financial Year ending 31st March 1985 which totals £97,564 in one Consolidated Fund Heads of Expenditure and £2,854 in two Improvement and Development Fund Heads of Expenditure. These excesses were the subject of comment in the Principal Auditor's Report for 1984/85. The details of the excess expenditure by sub-heads are contained in the Statement of Supplementary Estimates for 1984/85 which I tabled earlier in the meeting. Only the net excess in each Head requires appropriation as savings in other sub-heads have been deducted from the gross excesses. I commend the Bill to the House.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, I just want to say that I feel tempted to state that the Government will abstain and the Opposition should vote in favour since it is the money that they spent.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1985/86) ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending the 31st day of March 1986 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill is of course on all fours with the one which I have just moved in the House, Mr Speaker, and was also the subject of comment in the Principal Auditor's Report for 1985/86. That is to say the excess expenditure was and details of the excess expenditure by sub-heads are again contained in the Statement of Supplementary Estimates which I tabled earlier in the meeting. I commend the Bill to the House.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1988/89)(NO.2) ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March 1989 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time and in accordance with tradition my speech on this occasion will be even shorter than for the two previous Appropriation Bills which I have just moved. I commend this Bill to the House.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Companies (Amendment) Bill 1988; The Merchant Shipping (Amendment) (No.2) Bill 1988; The Merchant Shipping (Health and Welfare) Bill 1988; The Social Security (Insurance)(Amendment) Bill 1988; The Social Security (Family Allowances) (Repeal) Bill 1988; and The Medical (Group Practice Scheme)(Amendment) Bill 1988.

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

THE COMPANIES (AMENDMENT) BILL, 1988

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

Clause 3

HON P C MONTEGRIFFO:

Sir, we have a point we wish cleared in Clause 3. It is of general application and concerns the point made this morning and which I have been able to discuss with the Attorney General and the Honourable Mr Feetham. Although I think there is an element of validity or at least they understand the point that has been made which is one of overall concern on the question of time and the fact that although there may be a Financial Services Commission, using my reasoning there might have been an argument for some type of marrying of these systems. However because of the question of time and the desirability of having something in the Statute Book earlier rather than in two, three or four months time, we are prepared to see this happening now and then we can rethink the whole matter in the light of amendments.

HON CHIEF MINISTER:

Perhaps I should mention, Mr Speaker, that when I was in Cyprus attending the Commonwealth Economic Conference, Mr Peter Lily, the Economic Secretary of the Treasury, raised this with me and said that this was something that we could do fairly quickly and which would give some reassurance to people who were expecting some kind of reflection in the administration in Gibraltar, something needed to be seen to be happening, after the Barlow Clowes affair and this is one of the reasons why we wanted to reassure the British Government that we were acting quickly.

Clause 3 was agreed to and stood part of the Bill.

Clauses 4 and 5 was agreed to and stood part of the Bill.

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

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

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

THE MERCHANT SHIPPING (AMENDMENT) BILL, 1988

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

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

THE MERCHANT SHIPPING (HEALTH AND WELFARE) BILL, 1988

Clauses 1 to 8 were agreed to and stood part of the Bill.

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

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



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

THE SOCIAL SECURITY (INSURANCE) BILL, 1988

Clause 1

HON R MOR:

I wish to move an amendment to the Social Security (Insurance) Amendment Bill. Mr Chairman, in Clause 1, Sub-section 1 paragraph 2 insert at the end "and different dates may be appointed to different purposes".

Clause 1 as amended stood part of the Bill.

Clause 2

HON R MOR:

Mr Chairman, we were proposing an amendment to Section 2(1) as follows: (a) for position and definition substitute respectively "positions and definitions" and (b) An Actuary means a fellow of the Institute of Actuaries or of the Faculty of Actuaries of Great Britain.

Clause 2 as amended stood part of the Bill.

Clause 3

HON R MOR:

Mr Chairman, I wish to move an amendment to Clause 3 as follows: Omit the clause and substitute the following "Amendment to Section 29

3. (1) Subsection (1) of section 29 of the principal Ordinance is repealed and the following subsections are substituted therefor-

"(1) In the place of the Social Insurance Fund (hereinafter called the 'old Fund') there are established-

(a) a Social Insurance (Pensions) Fund (hereinafter called the 'Pension Fund') out of which there shall be paid all claims under this Ordinance for -

- ( i ) old age pensions;
- ( ii ) widows' benefits;
- (iii) guardians' allowances;
- ( iv ) widowers' pensions, and

(b) a Social Insurance (Short Term Benefit) Fund (hereinafter called the "Short Term Fund") out of which there shall be paid all claims for -

(a) maternity and death grants under this Ordinance; and

(b) unemployment and other benefits payable under the Social Security (Non-Contributory Benefits and Unemployment Insurance) Ordinance.

(1A) In addition to the payments mentioned in subsection (1) there shall be paid out of either Fund the costs of the administration of their respective revenues and liabilities in such proportions as the Minister may by notice in the Gazette determine.

(1B) Notwithstanding the provisions of section 5 of the European Communities Ordinance, claims for benefits payable by reason of Gibraltar's obligations under the regulations of the European Communities concerning the application of social security schemes to employed persons and their families moving within the Community, shall be paid as follows:

(a) if such claims are in the nature of pensions, benefits or allowances mentioned in subsection (1)(a) they shall be paid out of the Pension Fund;

(b) if such claims are in the nature of the grants or benefits mentioned in subsection (1)(b) they shall be paid out of the Short Term Benefits Fund.

(1C) The Funds and other assets, if any, standing to the credit of the old Fund shall be apportioned between, and shall vest in, the Pension Fund and the Short Term Benefits Fund, in such proportions as the Governor, on the advice of an actuary, and subject to the approval by resolution of the House of Assembly, may by order in the Gazette determine.

(1D) The contributions and other revenues which, but for the provisions of subsection (1) would be payable to the old Fund, shall be payable to the Pension Fund and the Short Term Benefits Fund in such proportions as the Minister may by notice in the Gazette determine.

(1E) The provisions of this Ordinance with respect to the management, audit and other matters of administration of the old Fund shall apply in a like manner to the Pension Fund and the Short Term Benefits Fund.

(1F) The references in this Ordinance or in any other law to the Social Insurance Fund shall be taken as references to the Pension Fund or the Short Term Benefits Fund according to the nature of the business in each particular case."

(2) Subsection (5) of section 29 is repealed.

Clause 3 as amended stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

HON R MOR:

Mr Chairman after Clause 4 add the following new clause.

"Amendment to Public Finance (Control and Audit) Ordinance.

5. The Public Finance (Control and Audit) Ordinance is amended in section 12 by inserting after paragraph (e)(viii) the following new paragraph:-

"(ix) the Social Insurance (Pensions) Fund and the Social Insurance (Short Term Benefits) Fund."

The New Clause stood part of the Bill.

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

THE SOCIAL SECURITY (FAMILY ALLOWANCES) (REPEAL) BILL, 1988

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

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

THE MEDICAL (GROUP PRACTICE SCHEME)(AMENDMENT) BILL, 1988

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

Clause 3

HON MISS M I MONTEGRIFFO:

Mr Speaker, the Government is prepared to consult with the Honourable Member in Opposition before we decide to change the Regulations.

HON M K FEATHERSTONE:

In view of this, Mr Speaker, we will not put forward our proposed amendment.

Clause 3 was agreed to and stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

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

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Companies (Amendment) Bill 1988; The Merchant Shipping (Amendment)(No.2) Bill 1988; the Merchant Shipping (Health and Welfare) Bill 1988; the Social Security (Family Allowances) (Repeal)

Bill 1988 and the Medical (Group Practice Scheme)(Amendment) Bill 1988 have been considered in Committee and have been agreed to without amendments. The Social Security (Insurance) (Amendment) Bill 1988, was also considered in Committee and agreed with amendments. I now move, Mr Speaker, that all Bills be read a third time.

Mr Speaker then put the question and on a vote being taken the Companies (Amendment) Bill 1988; the Merchant (Amendment)(No.2) Bill 1988; the Merchant Shipping (Health and Welfare) Bill 1988; the Social Security (Insurance)(Amendment) Bill 1988 as amended; the Social Security (Family Allowances) (Repeal) Bill 1988; and the Medical (Group Practice Scheme)(Amendment) Bill 1988 was resolved in the affirmative.

The Bills were read a third time and passed.

MR SPEAKER:

I understand that the Chief Minister wants to move the adjournment of the House.

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the House do adjourn until the 28th November, when we shall be meeting initially for the purpose of endorsing the group of MEPs that represent us in the European Parliament and they will be here for that occasion.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned until Monday the 28th day of November 1988 at 10.30 am.

The adjournment of the House to Monday the 28th November, 1988 at 10.30 am was taken at 6.30 pm on Wednesday the 16th November, 1988.

#### MONDAY THE 28TH NOVEMBER, 1988

The House resumed at 10.45 am.

PRESENT:

Mr Speaker . . . . . (In the Chair)  
(The Hon Sir Alfred J Vasquez CBE, QC, MA)

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for GSL and Tourism  
The Hon J L Baldachino - Minister for Housing  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon Miss M I Montegriffo - Minister for Medical Services  
and Sport

The Hon R Mor - Minister for Labour and Social Security  
The Hon J L Moss - Minister for Education, Culture and  
Youth Affairs  
The Hon E Thistlethwaite QC - Attorney General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition  
The Hon P C Montegriffo  
The Hon M K Featherstone OBE  
The Hon Dr R G Valarino  
The Hon Lt-Col E M Britto OBE, ED  
The Hon K B Anthony

ABSENT:

The Hon G Mascarenhas (Away from Gibraltar)

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

DOCUMENTS LAID

The Hon the Minister for Education, Culture and Youth  
Affairs moved under Standing Order 7(3) to enable him to  
lay on the table the following document:

The Department of Education Biennial Report for  
the period September, 1986 - August, 1988.

Ordered to lie.

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

The Accounts of Gibraltar Shiprepair Limited for  
the year ended 31st December, 1987.

Ordered to lie.

MOTIONS

CHIEF MINISTER:

Mr Speaker, I have the honour to move in the terms of the  
Motion standing in my name: "That this House:

- (1) resolves that the following British Members of the  
European Parliament, having expressed their willing-  
ness to represent the interests of the people of  
Gibraltar in the Parliament, are formally recognised by  
this House, on behalf of the people of Gibraltar,  
as representing their interests:

Lord Bethell  
Mr Alf Lomas  
Dr Caroline Jackson  
Mr William Newton Dunn  
Mr Anthony Simpson  
Mr Glyn Ford  
Mr Tom Megahy

- (2) wishes to express the thanks and appreciation of the  
people of Gibraltar to the aforesaid Members of the  
European Parliament for their interest, for their  
goodwill and for their initiative in ensuring that  
Gibraltar is represented in the European Parliament,  
as an interim arrangement, in an indirect way;
- (3) warmly welcomes the Gibraltar in Europe Representation  
Group on its third visit to Gibraltar."

Mr Speaker, the people of Gibraltar need no introduction  
to the Members of the Group, nor do they need any persuasion  
of the way that they defend our interests and rise to stand  
up on our behalf in the context of the lobbying that we  
know takes place, constantly, in the European Parliament  
and European Institutions in relation to our position as  
Members of the Community with a constitutional relationship  
with United Kingdom which clearly is different from that  
of any other area of the European Community. I think it  
is essential that we should have a lobby present in Europe  
that can counteract any decimation of information, about  
us, which happens to be at variance with the reality of  
the Gibraltar situation and of the development of our  
community as a European Community, that can stand up with  
any other area of the community in terms of its democratic  
institutions and to ensure that the concept of Gibraltar  
as an area of Europe, which is in fact treated as a colonial  
territory, with no rights is completely false and that  
the aspirations of the people of Gibraltar in the progress  
of self government, currently, has to be something that  
Europe itself cannot ignore and must support in the exercise  
of the fundamental rights of self determination. We are  
lucky that we have such friends who are willing to devote  
their time and energy to defending our cause. Mr Speaker,  
I remember when we went to the House of Lords to lobby  
on the Nationality Act, a lobby which was, I think,  
organised by Lord Bethell, and which we were there in the  
public gallery a reference was made to our presence and  
some of the noble lords got very upset because one should  
not recognise strangers in the gallery. I am happy to  
say that since our friends in the group are no strangers  
to Gibraltar, I can recognise their presence here without  
any problem from other Members of the House. Let me just  
say that there are not enough words to express our deep  
appreciation for their commitment to Gibraltar. We need  
friends in places where decisions are taken, we are too  
small to fend for ourselves without the friends that we  
have, we would have even more problems than we have already  
and I am sure that the people of Gibraltar join the House

in sincerely expressing our thanks and our appreciation to our friends in the European Parliament.

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

HON A J CANEPA:

Mr Speaker, we on the Opposition benches are delighted to have the opportunity today of associating ourselves with the words of the Chief Minister and in fully supporting his motion. What this present House is doing today is re-enacting and re-affirming something which was done by a previous House of Assembly when we formally adopted this group of British Members of the European Parliament, as a group, that would represent the interests of Gibraltar and whom the people of Gibraltar would view in that context. They have become over the years well known to us, to some of us quite well known personally, we have had the opportunity to meet them both here in Gibraltar, in the United Kingdom and in September of last year in their own environment in the European Parliament itself, when a delegation from Gibraltar visited the Parliament, and three of the Members of that delegation are here in the House today notably the Chief Minister, the Honourable Mr Feetham and myself. The only absent Member of that delegation being Sir Joshua Hassan. If Gibraltar were to be successful, if the people of Gibraltar were to be successful in being enfranchised and if we were therefore to have a direct representative of Gibraltar by some means or other, in the European Parliament, we for our part, Mr Speaker, would wish nevertheless to retain as far as possible the present arrangements. The present arrangements are working so well, the group of British Members of the European Parliament have taken such a close and active interest in the affairs of Gibraltar, that we from the Opposition benches and I am sure that I am echoing, probably the views of the Members opposite as well, we would not wish to lose this very close contact which we have with them and we would wish to have this arrangement superimposed on the more direct arrangements of having a representative of the people of Gibraltar in the European Parliament. We at the Gibraltar end were aware of the great work that they were doing for us and of the interest that they were taking over a long period of time and when we went to Strasbourg last year, in what at the time was perhaps something of a fiasco, we saw them at work in their own environment, they took a great deal of interest, they made strenuous efforts to guarantee and to ensure the success of that visit which they endeavoured with might and mane to have the Gibraltar delegation recognised and to enable us to meet various European groups. Even in the unfortunate circumstances in which it occurred they tried to stave off the unfortunate arrangements that eventually were not accepted by us for meeting Lord Plumb, the President of the European Parliament. I think that that relative fiasco was valuable though, it taught us all a valuable lesson and perhaps our representatives in

the European Parliament even more so. We were all taught a valuable lesson about the lengths to which Spanish MEPs would go in lobbying, in obstructing in order to ensure that Gibraltar is isolated, as far as possible, and that the representatives of the people of Gibraltar do not get the recognition that they ought to get in the context of Europe and of the European Parliament. There was a valuable lesson to be learned, we all now know, if we did not know previously, what we are up against and a few weeks later, I think it was, the lesson learned in September was perhaps valuable in ensuring that there was a positive vote in the Petitions Committee when the question of the enfranchisement of the people of Gibraltar came up. During that visit, in September, those whom we did manage to meet gave us a very fair hearing and took a great deal of interest in the affairs of Gibraltar and for that we are grateful to the Members of the European Parliament who are in the public gallery, this morning, and we are indeed grateful for their continuing interest and for their desire, once again, to be formally adopted by this House as representing the interests of the people of Gibraltar in Strasbourg. We hope that they will continue to be associated for many more years in this manner, we hope to see them again in Gibraltar, this is their third visit as a group, though as individuals some of them have come to Gibraltar on many more occasions. They are staunch supporters of the people of Gibraltar and of the cause of Gibraltar. There can be no doubt about that. On both sides, of what one would regard as being both sides of Parliament in London, both from the Conservatives benches and from the Labour Party benches they have been unflinching in their support for the people of Gibraltar and for that we are very grateful. Perhaps xxx xxx xxx who have had direct contact, have been able xxx xxx xxx this to a greater extent, but we want from this House this morning the message to go out to the people of Gibraltar, because perhaps last September the unfortunate events surrounding that visit could have sown some doubt in the minds of our people and we want to reassure them that the arrangement is a good arrangement, that the arrangement is working particularly well because of the direct efforts that are being made by the people whom we have adopted and by the people who have taken such a direct personal interest in our affairs. We are very happy to see them here in the House with us this morning, Mr Speaker, and to have an opportunity to discuss also informally matters of common interest on yet another occasion. So we from the Opposition benches welcome them and we are very happy to be able to support this motion formally adopting them as representatives of the people of Gibraltar.

MR SPEAKER:

Are there any other contributors to the debate? Does the Honourable Chief Minister wish to reply?

HON CHIEF MINISTER:

Simply to say, Mr Speaker, that the support of the Opposition of course was expected and I hope that after they have set such a good example, they will be supporting all the other things on the Agenda.

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

The House recessed at 11.00 am.

TUESDAY THE 29TH NOVEMBER, 1988

The House resumed at 10.45 am.

MOTIONS

HON J E PILCHER:

Mr Speaker, I have the honour to move in the terms of the motion standing in my name, that:

"This House takes note of the Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1987".

First of all Mr Speaker, I would like to start by saying that this is purely a noting motion inasmuch, Mr Speaker, that this side of the House, the present Government, was not in charge or at that stage did not have anything to do with the running of Gibraltar Shiprepair Limited. This only happened after the 25th March this year and I was made Chairman of the Company on the 11th April. So to a point, Mr Speaker, most of the comments made by the Auditor's, are comments made on the previous administration, and as I go through the accounts, for clarification in some areas, it has to be seen in that context. It is, Mr Speaker, an important document, particularly at this stage, inasmuch as it will be used by me and certainly by the Opposition, as the document that highlights what the yard was doing in 1987. Obviously the 1988 Accounts will show the difference in the procedures of the yard, the difference in the accounting systems of the yard through 1988. If I may, Mr Speaker, just start by tackling the comments made in the Principal Auditor's Report which is in fact at the front of the Accounts. There are various points made by the Auditor and these points obviously were made by the Auditor, after the Accounts had been finalised or in the process of the Accounts being finalised, and therefore apply to this administration inasmuch as the points were raised with the present General Manager of GSL. There are three points which I would like to highlight. One is under stock, where it states "a substantial proportion of issues made from stock were not charged to productive jobs, nor was there a formal system of monitoring the levels of issue to the different cost

centres from the various categories of stock. This Mr Speaker, was a problem which we had in fact highlighted early on when taking over the yard where there was a code which was "unassigned costs" where most of the stocks not appertaining to a particular job were dumped. This was a code given to stock not assigned to any particular job and is why we called it a dumping code. It is not a normal practice, because obviously all stocks that are bought must be allocated to a specific job. This was done away immediately and this unassigned code cancelled. Under Billing Mr Speaker, "it was noted that the job profitability report produced by the costing system did not always include all costs. Consequently contracts which had been transferred to the cost of sales when invoiced, had to be reopened when additional charges were identified". Again, Mr Speaker, we determined that this was not a valid process because after the ship had been invoiced the previous administration used to assign costs that had occurred during the ship's stay but which had not been invoiced at the time. The contract was then reopened and the extra cost included. Although it was not possible, once the ship had been invoiced, for these costs to be recovered. It was therefore just a paper transaction. What we have now done, Mr Speaker, is created a system where all costs are assigned to the ship prior to the ship leaving and if that is not possible it is included under a special code which is then investigated. It is not dumped into a contract which will never be billed. I think the only other point that I have to bring to the Opposition's notice made by the Principal Auditor, is job-cards which is obviously a purely administrative problem which we are already reviewing. There is, in fact, at the moment a study going on in order to review the whole system of job-cards and the whole system of clocking. I think we will see over the next month or so, a change in the system of clocking, in the system of job distribution and in the system of allocating works for a particular job, to a particular individual. Mr Speaker "a provision of £400,000 was included in this year's accounts because an examination of the stock balances had revealed that there was an overstocking on a number of items". Provision was made in these Accounts, but it was only a provision, as nothing was done in 1987. We have throughout 1988 made a thorough check of the stocks and we have agreed with the Auditor, we had picked it up ourselves very early on, in fact it was something which the previous Board of GSL had already noted. This is the fact that the stock levels were very very high and what we have found over the last six to seven months is that there is a large amount of dead stock ie stock which had been bought, but which has no movement whatsoever. This obviously is something that the Company would like to correct and will in fact try and correct before the end of the year. To date we have identified £523,000 of dead stock, an astronomical amount of dead stock for any Company to be carrying, Mr Speaker. If we just now go on to the Accounts of Gibrepair for 1987. I think the Chairman's Report, Mr Speaker, is in fact self-

explanatory. It must be of course taken into account that this Report was written in the early part of August and therefore to a point does not give an up-to-date picture of the position. However, if my memory does not fail me, during Question Time we did discuss the position from August to date. In fact I will be extending, once we finish the proceedings of this House, an invitation to the Leader of the Opposition to view, on a commercial-in-confidence basis, this year's Accounts and next year's business plan. I think there are three points that need to be highlighted here, Mr Speaker. One is the fact in the first six months of 1987, the Company was still benefitting from the guaranteed RFA work which provided about 3/4 of the workload. I think, Mr Speaker, if one looks at page 7 of the Accounts, on turnover the figure is £16,137,000 and that, Mr Speaker, has to be seen in that light. The breakdown in fact for the gross income of 1987 was, commercial just in excess of £4m, RFA just under £10m. The RFA work together with the RMAS work at GSL nearly £1m and at Gun Wharf was just over £1m. This shows that out of the £16,137,000 nearly £12m was accounted for by RFA and RMAS work. This has to be taken into account since the yard only did slightly in excess of £4m of commercial work. This is a figure which must be watched closely in the 1988 Accounts, since from the 1st January 1988 there has been very very little RFA and RMAS work. Another point which must be mentioned, Mr Speaker, is that highlighted at 4 which I think highlights the problems related to the previous administration and that is the very low level of work in progress at the end of 1987. When we came in in April 1988, very little marketing was being done at that time and the small amount of work in progress is in fact proof of the fact that the Yard, at that stage, had come to a virtual standstill. The 1988 Accounts will show that this fell through into January, February and March 1988, was in fact a very very low period of work activity which cost the Company in excess of £2m in the early part of 1988. I think the other point to be made, Mr Speaker, is made at 6 and this is the fact that the previous Government enacted retrospective legislation making some of the payments tax-free because they were ODA grants. Although the law was passed in the House of Assembly, the fact that the terms of the engagement of some of the expatriates managers contracts included tax-free inducements beyond those provided by the law and the Government at the time turned a blind eye or did not realise what was happening and what the Company found out late in 1987 or early 1988 was that the fact that the Company is now liable to the tax of the expatriates managers tax bill. The amount of money involved could be as much as £1m. A provision of £800,000 has been included and has to be viewed together with the staffing costs at Appendix 1 which shows the expatriates salaries inducement, accommodation costs, terminal bonuses, airfares electricity and water expenses, Director's fees and other expenses. To that £800,000 or nearly £1m, has to be added what these expatriates managers cost and which I think was somewhere near £3m

a year, Mr Speaker. Other than that, Mr Speaker, the Chairman's statement goes on to add what the yard has been doing, the restructuring of the workforce, the Joint Industrial Council, etc. There is also the Joint Ventures which will very shortly be coming on stream. Mr Speaker with regard to the accounts, the balance sheet at page 8, the tangible assets, is something which I wanted to comment on are the assets that the Company has, which we think are overvalued and we have brought out a valuer to look at them. As an example, the slop barge was valued at £2,250,000 by the previous administration whilst the real value of the slop barge has now been identified by the valuers at £450,000, the slop barge, Mr Speaker, had been overvalued by £1.8m. I think this in fact shows again the problems related to overvaluing, because obviously this then has an effect in the depreciation cost to the Company. I have just pointed this out, Mr Speaker, so that the Opposition will take note of the fact that during 1988 there will be a substantial rundown of the assets because the proper value of the assets are way below the valuation put by the Company through 1986/87. The Valuation Report has not been totally finished and I am therefore not in a position, at this stage, to give concrete evidence of what that rundown in the value will be Mr Speaker. Mr Speaker I commend the Motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon J E Pilcher.

HON LT COL E M BRITTO:

Mr Speaker, I thank the Member opposite for his detailed comments on the Accounts, some of which should have preferably been included in his Chairman's statement or report, rather than in his speech in this House. The Chairman's Report as drafted seems to us to be more politically based than commercially based and I would venture to suggest that a few comments on the commercial and financial aspects of the Company would have been welcomed as an addition to the Accounts. Be that as it may, let us go on to the Accounts themselves and I will repeat the scenario painted by the Minister on the year 1988, with particular stress on what was happening in the Yard then, because I think it is very relevant to consider that, in looking at these accounts today, and that is the point made in the Chairman's Report in detail and expounded by the Minister today that for the roughly, in general terms, for the first half of the year, the Yard depended to the tune of 66% on RFA work and more to the point, there was comparative industrial peace in the Yard and there was a comparative lack of problems in the Yard during those first six months. In fact it has been publicly reported in the past, that in the year ending 30th June 1987, the Yard was reputed either to have broken even or even to have made a small profit. Not in the Minister's Report, it had been reported in mid 1987 by the then managers of the Yard. In comparison we had to take the second half of the year where the Minister has highlighted the complete opposite was the case and as Chairman he has told us that



the Yard had come to a virtual standstill and because of the lack of marketing or because of the amount of industrial unrest that was apparent in the Yard at the time, as detailed in his own Report, the Yard had virtually closed down. It is in that scenario of a split of six months either way, that one has to look at these accounts. In retrospect, maybe this whole discussion is academic, because of the changes that we are told are taking place or have taken place it will probably be so great that it would be extremely difficult, this time next year, to make a direct comparison as the Minister has said, but in any case, the comparison will no doubt be made. I would venture at this stage to suggest that unless, and I do not know what the Government's intention is on this point, the Accounts of the Joint Venture Companies linked to GSL are published or made public, at the same time, such comparisons will be extremely difficult because it will not be possible to make a direct comparison between a GSL that was standing on its own in 1987 and a GSL that has Joint Venture Companies linked to it and where there is interchange and inter-transfer of funds. Now coming on to the Accounts themselves and page 7 of the Accounts, in particular, the obvious point that comes to mind is that the turnover is obviously too low for the overheads, running at 29.3% of the turnover. However, the point is that with this split in the Yard and with the Yard functioning at a degree of normality in the first half of the year and a large degree of abnormality in the second half of the year, we have an increase of turnover for the whole period in the order of 34.6%, and we have an increase in cost of sales to the order of 27.1%. Similarly the growth profit itself rose in the whole year from 7.8% to 10.4%. It would thus appear logical to say that if the second half of the year had been functioning to the degree of normality of the first half, the increase in turnover could have been expected to be much larger than it was, as presented in these Accounts. I say this, because in the second half of the year with the comparative industrial unrest, a Yard which was at this stage dependent on attracting commercial work and that work was obviously shying away, and therefore not available and one could almost say that those, roughly £4m of increase, of turnover are to a very large extent directly attributable to the first half of the year. Similarly if one takes point 8, of the extraordinary items, highlighted by the Honourable Member opposite. Of the £1.25m, 0.8m roughly is attributable to the tax of the expatriates. I think the Minister will agree that when the previous Government enacted retrospective legislation on the expatriates allowance, the intention was to make these allowances non-taxable and it was only apparent later, because of misinterpretation or whatever, that it had not been taxable, and if so, it would seem to me that it would be relatively easy to enact similar retrospective legislation, at this stage, to make that £1.8m not a liability on the Company and therefore an item that can be removed from the Accounts. If that is indeed so, if one looks at the figure of a loss of £4.15m over the whole year and we remove the best part of £1m from the liability for extraordinary items and we add a percentage of say another £2m for increase in turnover in the second half

of the year, assuming that the Yard had been allowed to work normally, then the situation in the Accounts, as shown today, of a loss of £4.15m would be reversed into the order of a small loss or even a break even position. Finally Mr Speaker, I will end by repeating what I said at the beginning that in order to make comparisons for the Accounts of 1989 against the Accounts of 1988, it would only be possible and relevant to make these comparisons if the Accounts of Joint Venture Companies linked to GSL are made available to this side of the House or are made public at the same time. Thank you Mr Speaker.

MR SPEAKER:

Are there any other contributors to the debate?

HON CHIEF MINISTER:

Mr Speaker, I am assuming that the analysis of the Accounts put forward by the Honourable Member opposite constitutes the collective view of the Opposition on this matter. All I can say is that as an example of creative accounting, I have never seen anything that could earn a higher accolade than what the Honourable Member has just tried to show. That the Yard was last year really breaking even or making a small profit based on a series of hypothetical situations none of which were occurring. Let me say, to put the record straight, that he is completely wrong in saying that the AACR Government passed retrospective legislation in this House to make the allowances tax free. When that legislation was passed in this House, the argument that was put and it is recorded in Hansard, if he cares to go back and check his facts, was that it was necessary to do that because the expatriates were receiving payment from ODA Funds.

HON LT COL É M BRITTO:

If the Chief Minister will give way. Let me quote from paragraph 6 of the Chairman's Statement, "The previous Government enacted retrospective legislation making some payments tax free because they were from ODA grants". I will not bother to read the rest of the paragraph.

HON CHIEF MINISTER:

The Honourable Member has just said that it was the intention of the previous Government to make these allowances non-taxable and I am telling him that he is wrong. The intention of the previous Government was to make them non-taxable whilst they were being paid by ODA, once ODA stopped paying them they became taxable. This is why there is a liability of £800,000 because when they should have paid tax they did not pay tax. Under the Tax Legislation, if an employer does not deduct the tax from an employee that he should, then the employer becomes liable. That has been the decision of the Commissioner of Income Tax treating GSL like they would do any other Company, which I am sure the Honourable Member would agree should be the case. If we look at a Company that has to compete commercially, it must be treated the same as any

other business in Gibraltar. In fact, when this matter was debated previously in the House, the Honourable Leader of the Opposition took the line of saying precisely that, that it had never been the intention of his Government that these expatriates managers should be paid hundreds of thousands of pounds or to have their electricity and water paid by the Company and get everything tax free. It was subsequent to my raising the matter in the House, from the Opposition benches, and the Government saying that the legislation to which the Honourable Member has referred was not intended to make all these allowances tax free. That only the element of the allowances that was paid by ODA should have been tax-free and in fact the Leader of the Opposition said at the time that he was stating this publicly so that the tax authorities should take the matter up, they did, and the consequences are that we have now received a bill for £800,000. It is not enough to say "we can now legislate and do away with the bill and there is no loss, there is a profit". Obviously we can also give them a subsidy and therefore we can say they have not made a loss because they have been given a subsidy. However what we want to do is to establish whether it is possible to repair commercial ships in Gibraltar at least breaking even. That is the essence of the brief that I have given GSL and the Minister for GSL. At the end of the day, the simplest test of success or failure will be that we will not provide any further assistance beyond the £3m that we have voted this year. The Honourable Member, when we come to the Budget in April 1989, will find out that there is no further money provided for GSL. GSL was told when we came in, "we recognise there is an inherited problem, we recognise a restructuring has to take place, we are prepared to provide once and for all an extra £3m to help the restructuring but at the end of the day by July 1989, you either make it or break it. The Yard has to be breaking even by July 1989, if it is going to continue repairing ships. If in fact the analysis made by the Honourable Member of what was happening in 1987 was accurate, which I regret it is not, I wish it were, if it was accurate, we would not have a problem in 1989, because in fact, the Yard today is leaner and fitter than it was in 1987. Because we are not paying £350,000 to Appledore, because we are not paying £170,000 to Thornstun Anderson, however good he might have been, because the Chairman has to do the job for nothing and the previous Chairman charged the Company £30,000 a year, because we have reduced the number of expatriates and we have reduced rates, water and electricity bills. Now with all those things removed, we are still not certain that it will be possible to break even. So it is quite obvious that if today with all the industrial peace in the world, we were carrying the load of expatriates that we were carrying in 1987 we would be losing money today. In fact, when the Honourable Member opposite says that the Yard was making money or breaking even in the first six months of last year, he is wrong, that was an argument that, in fact, was refuted at the time by Sir Joshua Hassan who made a statement and I can send him copies of the statement. He made a statement in July 1987 saying that the Yard in

the first six months of the year had lost £600,000 and therefore had no money to meet the pay increase. This is why there was a dispute, because they were not breaking even and they were not making money. At least that is what was said then, and as a consequence of not having money, and as a consequence of not being able to increase wages, they had a dispute in the second half of the year. Eventually the previous administration, gave the Yard a subsidy so that they could settle the dispute and increase wages. Then having made an agreement, the Company having made an agreement with the Union, that part of the wage settlement was for the redundancies starting from the 1st November, the Government then felt that the redundancies should not start on the 1st November but wait until the whole study of the restructuring took place and by deferring those redundancies until February they cost the Company £1m at least. Because they were carrying more people than they needed, because in fact the workforce that the Yard had, to be able to do the RFA work, was greater than the workforce they needed to do the commercial work and the distribution of skills and trades needed for the RFA work was different from the distribution of skills and trades needed for pure commercial work. This is why today the Yard, with its industrial workforce, has got a different balance of skills from what it had in 1986/87, when it was not really "commercial" because 70% of the workload was navy. As I had pointed out on many occasions, Mr Speaker, from the other side of the House, since it was implicit in the Accounts that were then being produced, as it is in this set of Accounts, that if the Company was making a profit on the RFA work, and I was told many times in answers to questions in this House, that the work for the Navy was profitable, they would not tell me how profitable because it was commercial in confidence, but the Government confirmed that they were not losing money on the work they did for the Navy then, it therefore follows that if out of the 100% work, 70% is profitable then the loss on the other 30% must be astronomical to have an overall loss. It means that two ships out of every three are Naval ships and that these two ships out of every three were making money then the third ship was losing so much money that it was eating up the profit of the first two and still leaving a loss. That is the situation we had until the end of 1987. Therefore if the Honourable Member says that the Naval work was profitable, then he should realise that if it had not been for the Naval work the losses would have been even more than £4m and clearly what this shows is that the entire projection and the entire scenario in 1985/86 and 1987 are an indictment on the package put together by A & P Appledore it cannot be put any other way. I think these Accounts, which are the last Accounts under the mismanagement of our Yard by A & P Appledore, partly, we got rid of them in May eventually. Therefore we are still in this year's Accounts paying a price of five months of their continued presence in the Yard. What the Accounts do demonstrate and frankly we had not wanted to make this an occasion for an attack on the previous administration, because at the end of the day it is quite obvious that if the previous administration was guilty of one thing it was guilty of giving A & P Appledore too much of a free hand. I think if they had themselves been

on top of the situation and discovered some of the work practices, not from the people on the shop floor, of the work practices of the people on the top, I have no doubt in my mind that it would have been as unacceptable to many Members opposite as it is to us and as it was to us when we discovered it. Fine, the philosophy of the Government was that the Yard had to be kept at arm's length and therefore part of the price that one pays for keeping something at arm's length is that if the people who are running it take you for a ride, well at the end of the day you have to foot the bill. That is what we have been doing for the last three years. We have accepted the political responsibility for turning the Yard around and we are trying very hard to do it and we are very grateful for the support that we are getting from the managers of the Yard and the workers in the Yard because without their support it cannot be done. We think it will be a good thing for Gibraltar, if we can continue repairing ships here, the situation at the moment is that our latest indicators from the Economic Model that is being produced for us in the Input/Output Study shows that if the Yard were to close, on the basis of the 1987 contribution, which is the one we have got because obviously we do not know what the contribution to the economy is going to be in 1988, from the basis of the 1987 contribution, a Yard closure would mean a reduction in our GNP of 10%, which is to put it in context like the MOD closing by 50%. The MOD probably contributes about 20% of our economy now and the Yard 10%. The Yard was very close to closure in March this year and certainly the Internal Reports which Members opposite must be aware of, had been recommending closure since October and November, on the basis that the Yard could not survive without continuing Government subsidies. I think this is why in December, I think it was, that we voted in this House a £2m grant and it was clear having gone back now and looked at the internal accounts for the end of 1987 and beginning of 1988, that if the House had not voted that £2m in December, the Yard would not have lasted January. There is no doubt about that. The importance of the Yard to the economy of Gibraltar is real enough, but we have no doubt in our own minds that it is a false economy if we have to keep the Yard going for the repairing of ships and be kept alive by subsidies from the Government and by using money earned in the rest of the economy to subsidise the repair of ships. Quite apart from the fact that of course it is contrary to Community Law and therefore what we have done, in the restructuring exercise, is to isolate the shiprepair side. In fact when the Honourable Member talks about what the accounts are going to say next year, well what the accounts will say next year is what the turnover is as regards shiprepairing and what the income and the expenditure is as regards shiprepairing. It will be, if you like, a truer picture and perhaps a fairer picture for GSL, because eg if we have a situation as we have now where we have already got Gibraltar Security Services functioning, what we are doing is in a way reverting back to how it started in 1985. When the Yard opened in 1985, GSL contracted out security services to a private company and then they decided after seeing what it was costing them, that the contracting out to a private

company, over whose billing they had limited control, was costing them more than employing the people themselves. So they just terminated the contract and absorbed all the Security Guards. However that created a situation when the Yard revised its business plan and decided that it was not going to be repairing ships to the tune of £20m and that it was not going to be employing one and a half thousand industrial workers obviously having fifteen Security Guards for 1,500 workers is one Security Guard per 100 and having fifteen Security Guards for 500 is 3 Security Guards per 100, and the 100 people that are doing the productive work have to carry the overhead of the Security Guard. That imbalance is part of the scaling down from the original A & P Projections. The reality is that none of their predictions came true and as none of their predictions came true the superstructure of overheads from Managers to Managing Director, from Security Guards to the support services, all were feeding off an increasingly smaller productive workforce. We are still, in 1988, dealing with that inheritance and part of the strategy of diversification is precisely to slim down the overheads in relation to the production workers so that at the end of the day we can say to ourselves, 'right we can get for the sake of giving a figure £10 an hour for repairing ships, and therefore we ought to be able to produce an hour's work at £10 inclusive of all the overheads". At the moment we are still losing money in the Yard. We have cut down the losses very dramatically this year. When we came in April, it was running at about £1m per month and we are probably running now at about £80,000 or £100,000 per month. It is still £100,000 too much. Obviously whilst we have cut the big element in those losses like getting rid of A & P Appledore, part of the loss of every month was the fees paid to Appledore around £60,000. That was the easiest thing to eliminate. Once you get the big elements of overheads removed, like the Appledore contract, the Managing Director, the allowances to the expatriates, but the more you progress in that direction, the more difficult it becomes to find new things to save money on. Therefore the going has become more difficult in the period October/September than it was in May/June, when we made very dramatic inroads into overheads. The trend still is that overheads are coming down and therefore we are still reasonably confident that we will be able to reach break even by July 1989. As my Honourable Friend, the Minister for GSL has said, we are quite happy to provide the information to the Members opposite on a confidential basis, so that they see the progress that we are making and the targets that we have set ourselves and how close we are to achieving those targets. I however regret to say that I wish that what the Honourable Member said about how close the Yard was to making a profit in 1987 was true, because if it had been true in 1987 then I can assure him that in 1988 we would be looking for dividends from GSL, unfortunately that is not the case.

HON A J CANEPA:

Mr Speaker, the Honourable the Chief Minister said a few

moments ago that the Yard was very close to closure or at any rate that the Board were recommending closure in October/November of 1987. That is true, they were, but where he is not correct is in ignoring the fact that the Board were recommending closure in even stronger terms earlier, in the summer of 1987, at the time when there was a serious dispute and industrial action was being taken by the workforce over the question of the pay settlement. The Board at the time to all intents and purposes had thrown in the towel. Their strong advise on, commercial grounds, that the Yard should be closed and when the then Chief Minister, Sir Joshua Hassan, and I met the Honourable Mr Bossano, in his capacity as Branch Officer, and we made that point to him, I do not think that it was taken very seriously, I can however assure the Honourable Members opposite, and those who are with me in Government at the time will bear me out, we were really extremely close to closure. We were not in October or November we were not accepting the advise of the Board by then, because we really felt that it was a case of very very low morale and they were just fed up and wanted to have nothing more to do with GSL. That is really what it amounted to. He prefaced his intervention, his contribution, by saying that today was not an occasion for a political attack on the previous administration, and whilst neither in his contribution, nor in that of the Honourable Mover of the Motion, Mr Joe Pilcher, the Minister responsible for GSL, would I quarrel with that, I must nevertheless regard the Chairman's statement as a political attack on the previous administration and it is on three points in that statement that I want to concentrate on. Mr Pilcher introduced his contribution with the comment that he was dealing with a period in the lifetime of the Yard during which he was not responsible, quite so, but nevertheless in his statement I think he has grasped the opportunity of going to town and I think that if he had done us a little bit more justice in the statement, as he did in his contribution, perhaps I would not be quarrelling with him to the same extent. Because, for instance, on the question of the Income Tax payments, he did say here in his contribution, "perhaps the previous administration did not realise that this was happening, namely that the expatriate managers had been engaged with contracts which included tax free inducements which went beyond those provided by the law" Now if only we had, and he could very easily have included that remark in his statement, having regard to statements that we, when in Government, had made on the matter earlier this year, at the end of 1987 or in January. Therefore what the Chairman's statement amounts to is this. Mr Pilcher has been accused recently of trying to manage the Yard, although the accusation is made against him in the same breath that he knows nothing about shiprepairing. However he knows quite a bit about politics and the Chairman's Report is a politician's report who is well capable of coming up with a political attack, I will not describe it as a diatribe, it is however an attack on cue and that is why the discussion today, as far as I am concerned, becomes a little bit more controversial because I have to concentrate on one or two political elements. Let me

reiterate that in respect of the tax inducements going beyond those provided by the law, we did not turn a blind eye on the situation. You turn a blind eye to something that you know is happening, if you do not know that it is going on, then you are not turning a blind eye and we did not realise that this was occurring and we were shocked when it was brought to our attention. Far too late in the day that it was actually going on. In respect of the losses which the Yard sustained, the additional losses, of £1m because no action was taken in accepting or in commencing the programme of voluntary redundancy in November, let me state quite categorically that the Government did not accept the programme which had been drawn up by the management and which did not have by any means the full support of Members of the Board, certainly not of Government Members of the Board, not to say of others who were not particularly enamoured of it either. The Government did not accept that programme, because it contained insufficient information, but what is more serious, is that in fact redundancy arrangements concentrated very heavily and would have affected very seriously the Gibraltarian element in the workforce and we just were not prepared to have a very large number of Gibraltarians being made redundant, who need not be made redundant if we were given an opportunity to look at the matter in depth and to look at the matter closely. So we constantly asked the managers for information. I myself, as Chief Minister, have got copies of letters that I wrote to them explaining why we could not go along with their programme and asking them for more information which was not forthcoming and hence the delay. I think if we had accepted the programme that they drew up, then there would have been a repetition, on this issue of redundancy, of the industrial action which had occurred in the Autumn of 1987. In fact I think that the industrial action which would have resulted would have been more serious and with all good reason because there would have been an over-concentration in those redundancy arrangements on the Gibraltarian element of the workforce. Therefore if the delay led to a further loss of £1m then I think a damaging industrial action, which would have been the third occasion on which industrial action would have been taken in the space of six or seven months, would perhaps have been even more damaging and would have led to losses, perhaps greater than that £1m. The Chief Minister said that now in the Yard they have all the industrial peace in the world.

HON CHIEF MINISTER:

If I can correct that Mr Speaker. I have not said we have, I wish I could say that. I said "even if we had all the industrial peace in the world", correcting the analysis that the Honourable Member had made of the accounts, "it still would not be enough to guarantee profits". That is what I said.

HON A J CANEPA:

Well they certainly are in a much happier position than we were, but then of course they do not have to deal with

40% wage claims. We had a 40% wage claim in 1987. There has been a settlement of around 10%, which the Yard could not afford and yet Honourable Members opposite are able to settle with the workforce on a four year pay settlement of the order of 12%. What a contrast. If only we had been able to have that level of settlement during the time that we were responsible, as an administration, how much happier the situation would have been and how much better would the financial standing of the Company have been over the years. Of course we could not get that sort of cooperation and sadly we all know in Gibraltar why, not that it has mattered, because even though people know why, they nevertheless voted for the Honourable Members opposite and that in political terms is what matters. The reality however is, and if one comes now to the point made in the statement, by Mr Pilcher, "that they have inherited a shipyard full of problems", of course they have, but some of them were created or helped by the Trade Union arm by some of the Members opposite for whatever motive. Of course the managers treated the workforce very badly, I have no doubt about that, we were telling them constantly, but nevertheless some of the action taken in the Yard was politically motivated, there was an objective behind it and that objective has been achieved. In political terms that objective has been achieved and that the stark contrast of course between what is happening today, and I think it is summed up in a situation which even Mrs Thatcher would jump at, of a four year settlement on the basis of 12%, 3% a year, as against the claim of 40% for one year and a settlement of 10%. So that is the reality of the matter and we look forward to next year's Report, by which time having regard to the fact the 1988 Report only covers less than three months of our administration, I think that the Honourable Member opposite will then have to be defending his own record in the Yard. This is of course what we are looking forward to, the day is soon arriving when Honourable Members are going to be answerable for what they are doing and they will not be able to look back over the past few years.

MR SPEAKER:

Are there any other contributors?

HON J C PEREZ:

Mr Speaker, it is quite clear from what the Honourable the Leader of the Opposition has said, that the whole argument that the Opposition is trying to put on the Accounts of GSL, is that they are claiming that those accounts would not be as bad had they had certain conditions in the Yard which we had been able to obtain and the reason for that, Mr Speaker, is not what the Honourable the Leader of the Opposition says because we have an industrial climate which they did not have, that is not the case. They by their own choice decided to take less of an interest in Gibrepair and less responsibility for Gibrepair, they allowed their managers to do what they wanted and when they started taking stock of the situation the whole matter was out of control completely and they were not able to answer

for those decisions. That the Honourable Leader of the Opposition should accuse this side of the House of not having to deal with claims of 40%, of course we have had to deal with claims of 40%, of course we have. When the Trade Union Movement put the claim for 40% the year before, they were much more lenient on the previous Government than they were with us because they were able to settle for 5% after that 40% claim whilst we have had to settle for 12%.

HON M K FEATHERSTONE:

Over four years.

HON J C PEREZ:

No, there is a pay review every year, check your facts first. What is clear, Mr Speaker, that all that the Honourable and Gallant Colonel Britto and the Honourable the Leader of the Opposition have been doing is trying to cover the £4.5m losses and I do not see why because as the Honourable the Chief Minister said "we were not trying to use it as a platform for an attack on the mess that they left behind in Gibrepair". We have brought the Accounts, because they need to be brought to show the real position and the real position is that when they were allowing A & P Appledore to run it, Gibrepair finished with £4.5m losses. We are trying to cut those losses, we are not saying that it is an easy task, because a lot of the mistakes like employing Appledore, who we sacked, cutting down the overheads of manager's expenses, perks on houses and everything else, like medical contracts, by a particular clinic for an annual fee of £60,000, all those losses have been cut Mr Speaker. The Honourable Member now comes and tries to imply that if they had had a different climate of industrial relations, the situation would have been different. By his own exposition he has admitted that the industrial problems that took place were not over a pay review, he has admitted that if he had taken the steps that the Board wanted in October/November he would have had a worse industrial situation and that he did not take steps to make the redundancies because he wanted to avoid that industrial situation. If he had however taken steps to take control of the situation before, as he did in October/November perhaps we would not have reached this stage and perhaps we would have had some money left over from the £30m that have been thrown down the drain, by the previous administration allowing A & P Appledore to get away with murder in the Yard.

MR SPEAKER:

Are there any other contributors? Does the Honourable the Minister wish to reply?

HON J E PILCHER:

There are a couple of points I would like to make. I have been taking notes of various things that the Honourable Lt Col Britto had said but they have been answered by the Honourable the Chief Minister. However there are two points that need to be highlighted. The Hon Member turned the argument round when I used the figures for £60m of turnover and that £12m was in fact for RFA work. What the Honourable Mr Britto forgot was the fact that that was guaranteed RFA work and which did not require any effort by A & P Appledore to obtain and virtually everything within came in during the last year £10m of the £14m came in the last year and therefore Mr Speaker, as the Chief Minister has stated, that RFA work was done at a premium, was done at a profit and therefore should have created a profit making mechanism within GSL.

HON LT COL E M BRITTO:

If the Honourable Minister will give way. I think he has misunderstood the point I was making, what I was attributing, was the increase in turnover of some £4m for the whole year, in a very great proportion directly to the RFA work, and therefore if the Yard had been working to the same degree of normality in the second half of the year, one would have expected the turnover to increase by more than £4m.

HON J E PILCHER:

No, Mr Speaker, Mr Britto still does not understand. The RFA work which was £10m and which he claims is the 34.6% increase in work, was not work that was produced by A & P Appledore. It was guaranteed work from the MOD. That was completed by July/August, in fact the RFA got caught up in the industrial dispute. By that stage the RFA work was finished. If the Yard had been free from industrial action totally through 1987, the RFA work was not there, just as much as since March of this year, the Yard has been totally free from industrial action and we still have not got one extra RFA because, we have now have to tender for RFA work. No, Mr Speaker, I will not give way because the argument is, if there is a 34.6% increase in work over the first six months and if there had been no industrial action for the next six months, just imagine the amount of work that they could have done. Well they could not, because they only did £4m of commercial work when they were predicting in the 1985 plan, for £10m of commercial work in 1987 and they only did £4m of commercial work. Out of the £4m only about £3m is in fact shiprepairing. That again has to be balanced against the 1,200 jobs that they in fact, in their own assumption, said they would have by 1987. I think, Mr Speaker, that is the point that was being made by the Honourable the Chief Minister, that what we want to do is at the end of the day see exactly what the shiprepairing element of GSL is doing to the economy of Gibraltar. How much work we can do as far as shiprepairing is concerned and how many people we employ directly in shiprepairing. This is part of the strategy

of the Joint Venture Companies eg like the Honourable the Chief Minister mentioned, Gibraltar Security Services Limited, well it has nothing to do with shiprepairing. The Electrical Company has very little to do with shiprepairing because the electrical maintenance fitters are being retained at GSL. It is those elements around the Company that were really doing work for the Company and outside the Company. In fact out of the £4m, there is an element there of work already that was being done outside the Yard. I think what we will see in 1988, is as we shed off the Joint Ventures, I think I have explained certainly in this house what GSL is doing with its workforce, it will not be a cosmetic exercise. Those workers which are needed for shiprepairing activities, because the shiprepairing element of it is 100%, 95% or 90% of their work, will in fact be kept on as GSL employees. It is only those elements of the Company, those areas of the Company, that they are doing a percentage of work outside and a percentage of work for the Yard, it is only those areas where I am looking to create Joint Ventures, because they can stand alone and they can be isolated from shiprepairing. This is why, Mr Speaker, as part of the strategy we are trying to isolate shiprepairing and see what exactly shiprepairing produces. This is why, Mr Speaker, what we will find in the 1988 Accounts, is the GSL Accounts only in the balance sheet and then obviously what the Honourable Mr Britto is referring to, is in fact the consolidation which happens already and if he looks at pages 8 and 9, he will find that page 8 is in fact the Shiprepair Limited and Subsidiary. That will happen next year. So what the Honourable Mr Britto will find is that he will have under page 9, the Gibraltar Shiprepair Limited balance sheet for shiprepairing only and the balance sheet for Gibraltar Shiprepairing Subsidiary. That is what has to be done under normal accounting procedures. Turning now to the comment by the Honourable the Leader of the Opposition, Mr Speaker, I do not shy away from my responsibilities nor do I shy away from my responsibilities in this House as indeed I do not shy away my responsibilities when I am sitting down at the Yard as Chairman of the Yard. I do in fact manage the Yard because this is the brief that was given to me by the Honourable the Chief Minister, in conjunction with people that know a lot about shiprepairing, the General Manager, the Production Managers and in consultation and negotiation with the Trade Union. This is what I do and I do it all the time. This is why through the last six months I have spent a lot of time tackling GSL and to working towards a situation where.....

HON A J CANEPA:

If the Honourable Member will give way. Has he had a chance since he returned from the UK to read the back numbers of the Gibraltar Chronicle?

HON J E PILCHER:

Yes of course, I had the opportunity of reading them because they were faxed to me in UK.



HON A J CANEPA:

He knows that Dickie McCarthy does not agree with him?

HON J E PILCHER:

Yes I know that Dickie McCarthy.....

MR SPEAKER:

Order, order.

HON J E PILCHER:

I dare say Mr McCarthy is not motivated politically. At least I hope not. Although I know that the Honourable Leader of the Opposition has already asked to see him. But that is besides the point. The fact, Mr Speaker, I am not going to go into that because I am already in negotiations with the Branch Officer. I did start yesterday in fact and the problem that was highlighted in the Chronicle.....

HON A J CANEPA:

If the Honourable Member will give way. I do not want that statement to appear in the media. He is not serious surely when he says that I have asked to see Dickie McCarthy?

HON J E PILCHER:

No, Mr Speaker. The problem, Mr Speaker, with that particular incident has already been tackled by me and the Trade Union yesterday afternoon and I hope to be in a situation by Wednesday or Thursday, Mr Speaker to see that particular problem through as well. Now that it has been mentioned, I think I should mention the fact that it is my intention by the end of this year, Mr Speaker, in order to start from the 1st January next year to wipe clean the slate of GOTO which is now the Gibraltar Labour Services Limited and to start a system as from the 1st January where we do not have the recurrent problems that we have at this moment. The problems related to GOTO.....

MR SPEAKER:

We must not raise matters which Members will not be able to reply to.

HON J E PILCHER:

I accept that Mr Speaker, it is just that it had been mentioned and we will have a full statement hopefully by the end of this week on the solution of that problem. However as I was saying, I do not shy away from my responsibilities and I will be sitting here, hopefully, March/April next year defending the 1988 Accounts and showing what we have been able to do with the Company.

I also hope to be here once again for the 1989 Accounts, having gone straight through July 1989 and having shown that the Company can break even and the Company can make a profit, Mr Speaker. I think that there are various points that were made by the Honourable the Leader of the Opposition. I do accept that I am a politician and that is why I am on this side of the House, but I honestly think we have now come to a stage Mr Speaker, where the past is now the past. I remember when we dismissed A & P Appledore and we were asked why we had not taken them to court, why it was that we had not highlighted all the problems of mismanagement and tried to sue them. The answer is very very easy, Mr Speaker, what we are trying to do is take the Yard forward and to stop and analysis everything that had been done in the past, I think, would not have augured well for the Company. I do accept that in the Chairman's statement there are a couple of political points, but to be told, like Mr Britto was saying, that the Company was in fact profitable last year, is, Mr Speaker, something which we cannot accept. I think that the situation must be put right and must be put in perspective. We do not want to have to keep going back to what the previous administration had done what the previous management had done, what we want to do is, go forward and in going forward I will be making myself responsible for all the things that the Yard does, Mr Speaker. Of course I have inherited certain things and I am trying my hardest to resolve them. Some may be possible others may not and that will have to be seen by middle of 1989 whether the Yard breaks even or not. There are however various points made by the Leader of the Opposition which are not factually correct, Mr Speaker. He mentioned the delays in the redundancies, which according to the Honourable the Chief Minister and I agree with him, cost the Company somewhere in the region of flm. He said that he did not go forward with the redundancies because he thought that that would have created industrial action at the Yard, well, Mr Speaker, he is not right because that may have been the case prior to November, when the Unions reacted to the Company making people redundant but not because they thought that a redundancies procedure was not necessary but because the Company with the full backing of the administration, tried to implement redundancy procedures without Trade Union agreement. That was why there was nearly industrial action prior to November of last year. In November, Mr Speaker, when the Union agreed to the redundancy procedure it was on the understanding that the procedures would be put into effect immediately and this did not happen until January/February 1988. There is a four month gap. During this period it was difficult to motivate people because most of them were doing their sums to see how redundancy affected them. It was also difficult for management to market a Yard that was in the process of issuing redundancy notices. It was not A & P Appledore, it was not the workforce that were creating the problem, it was, in fact, the previous AACR Government by delaying the redundancies they created a problem for the Yard by lack of motivation in the workforce and management unable to market the Yard. The other point has been dealt with by my Honourable colleague and

and friend Juan Carlos Perez. We did face a 40% pay claim this year like we have had pay claims across the board, not only in GSL. The pay claims that the previous administration was saying were politically engineered, have been made this year, Mr Speaker, and we have had them at GSL, the same pay claims that were tabled last year to the A & P management and obviously to the AACR Government. There was no money to pay, Mr Speaker, in 1987 because as is clearly shown in the Accounts most of the money was going to the expatriate managers and there was no money to pay local workers. That is why this year, we were in a better position, it is not that GSL, Mr Speaker, can afford huge pay claims and our workforce know that. What we did do this year is we apportioned to the local employees what was previously going to the A & P Appledore management. This was certainly much less than the A & P Appledore had been getting, Mr Speaker, this coupled with our better negotiating ability is what helped resolve things at GSL. I will finish by saying to the Honourable Leader of the Opposition, we have not yet reached our political objectives simply by sitting on this side of the House, the practical objectives of this Government is not only to cure GSL but to cure Gibraltar, that is the political objective of this Government, Mr Speaker.

MR SPEAKER:

Well gentlemen, we have taken note of the Accounts of GSL for 1987 and we will leave it at that.

HON M A FEETHAM:

Mr Speaker, I have the honour to move in the terms of the motion standing in my name:

"Be it resolved that this House do approve the making by the Governor of the following order -

COMPANIES ORDINANCE

COMPANIES (FEES) (AMENDMENT)

ORDER 1988

In exercise of his powers under Section 313 of the Companies Ordinance and all other enabling powers, the Governor, with the approval by resolution of the House of Assembly, has made the following order.

1. This order may be cited as the Companies (Fees) (Amendment) Order 1988 and shall come into operation on the 1st January 1989.
2. The table of fees set out in Schedule 8 to the Companies Ordinance is omitted and the following table is substituted therefor -

(a) Incorporation, registration (including registration under Part IX of the Ordinance), or submission of any change in status of a company, that is to say, the fact of its being public or private or limited or unlimited (except from public limited to private or from limited to unlimited) - regardless of share capital.	£50
(b) Registration of change in status from public limited to private or limited to unlimited.	£10
(c) Registration of Change of Name.	£30
(d) Lodging of Annual Return.	£20
(e) Search Fee.	£ 1
(f) Certified copy of a certificate	£ 2
(g) Certified copy of any other document.	20p per page search fee of £1
(h) Photocopies	10p per page & search fee of £1
(i) Lodging document to substitute other document in file.	£ 5
(j) Lodging prescribed particulars for registration of charges or any other forms of security.	£ 5
(k) Lodging of particulars of directors or any change of directors.	£ 5
(l) Connection or reconnection of telephone/ computer links with the Registry.	£50
(m) Annual telephone/computer link subscription	£100"

Mr Speaker proposed the question in the terms of the Hon M A Feetham's motion.

HON P C MONTEGRIFFO:

Mr Speaker, if our understanding is correct, some of the changes which are being introduced here are fairly significant increases in percentage terms, at least, from the amounts payable at present. Perhaps the Honourable Minister will correct me if I am wrong. For example the lodging of an annual return is a £5 fee at present and is going up to £20. In principle we have no objection to Government revenue being boosted further by what is obviously a lucrative business for many people in the Private Sector. However, we only want to make sure that the general infrastructure on Companies, on Name

approval and on everything else that goes with providing a proper service is also put on a firmer footing. There have been improvements over the last year or so in connection with Name approval but it is still the subject of some delay. There is also of course delay in the granting of Exempt Status and the matter was raised at the previous adjourned session of this House and we simply want to put the Government on notice that whilst we are prepared to allow these increases to go through and agree on the legitimacy of such increases at the same time we want to make sure the whole infrastructure if not rationalised is at least made more efficient.

MR SPEAKER:

Are there any other contributors?

HON A J CANEPA:

I just want to add one point, Mr Speaker. As my colleague has said, we do not object to these fees being increased. They have to be kept under constant review, but I do draw a distinction between what one would regard as an occasional fee, for instance the registration of a change of name, that is only going to happen occasionally, as against what is an annually recurrent fee, such as the lodging of an annual return. That has got to be done every year and therefore the effect of it is somewhat more sharp. I think the existing fee is £5, I am not sure for how long it has been £5, perhaps for too long, for very long, but that is the only distinction that I would make and if on this occasion Honourable Members nevertheless feel strongly that that figure should remain, it is a point that I would commend to them, indeed, when they assess the level of fees not just under the Companies Ordinance but under any other piece of legislation to try and draw a distinction between an annually recurrent fee and one that is occasional and therefore one perhaps in the case of annually recurrent fee, one should not apply the same percentage increase all things being equal.

MR SPEAKER:

Does the Honourable Mover wish to reply?

HON M A FEETHAM:

Mr Speaker, first of all, the point that the Honourable Mr Montegriffo has made. Yes indeed, we want to restructure the Companies Registry to become more efficient. Improvements over the last few months have been aimed at, the installation of the computer and computer link. As far as the fees are concerned there is a need to cover the cost of introducing these services. However the reason why we have brought these increases to the House now is because this Government on taking up office looked at all the different fees which were being charged for the different services being provided by Government and in respect of the Registry of Companies there had not been

a revision since 1982. A fee of £5 for the lodging of annual returns is ridiculously low and the reason for an increase to the level that we are proposing. It is also pertinent to note that the expansion in recent years in Financial Centre activities has not been to the benefit of Government revenue to the extent that it could have been and we are now in a catching up process. For the House's information the number of Tax Exempt Companies that are registered is still only a small fraction of the total number of Companies incorporated at the Registry. So relatively speaking, only a small proportion of companies pay the £225 or £200 annual tax to the Government. They of course do not pay any income tax on their profits. There are also an increasing number of non-trading, non-tax exempt companies being formed to hold property abroad, which bring little if any benefit to the Government and it is against that sort of background when we talk about enhancing and providing better services that the fees being charged have to be seen. What we cannot do is find ourselves in a position that the tax payers should be indirectly subsidising the activities of the Finance Centre. There has to be the right balance. Let me say that in our judgement, Mr Speaker, the proposed increase in fees will not have any effect on Gibraltar's competitiveness with other centres having looked at the comparability of fees being charged elsewhere and that consultations have taken place with the Financial Centre Group.

Mr Speaker then put the question which was resolved in the affirmative and the Motion was carried.

#### BILLS

#### THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE 1988

HON M A FEETHAM:

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

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

#### SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be read a second time. Mr Speaker, as Honourable Members are aware the Crown is the major land owner in Gibraltar and virtually all premises outside the city centre are held from the Crown on leasehold terms. Since taking up office and in examining some of these leases we have discovered that in many instances rents have not been paid for years. In other words commitments entered into with the Crown have not been complied with. Whilst these leases make provision for forfeiture, when breaches do occur, the Crown is tied by the existing provisions of the Conveyancy and Law Property Act 1881. In practical terms therefore, to ensure compliance with the covenant contained in so many leases would require an army of civil servants and law officers,

who would need to seek rectification through the courts. This action would also unduly burden the resources of the Judiciary. The existing legal framework may prove adequate where private sector interests are concerned however where public monies are involved a greater measure of protection is clearly necessary. The Bill before you will therefore correct the situation, so that the Crown can enforce its right without the restriction imposed by Section 14 of the Conveyancy and Law Property Act 1881. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON LT COL E M BRITTO:

Mr Speaker, we on this side of the House have grave reservations about this proposed legislation. We feel and let me start by saying that straight away, we feel that not enough thought has been given to the wide powers that this Bill gives or to the wide extent that it envisages. The Honourable Minister in moving it has restricted himself, and I was very interested in hearing what the aim of the exercise was, he has restricted himself in highlighting lack of payment of rents, and I will therefore carry on on the assumption that that is the Government's intention, to recover premises where rent has not been paid. Now this measure has to be seen in relation to the simple situation or simple relation that exists between a landlord and a tenant. The law is very clear on that, in that the tenant has certain obligations envisaged by the lease and amongst those obligations is one of paying rent. The landlord is fully protected under the provisions of the Conveyancing and Law Property Act 1881 and he can take action against a tenant who does not pay rent because rent is specifically excluded under the terms of this Act. We are worried by the fact that these powers apply not only to commercial properties which I assume is the area that the Minister is most concerned with, but as the proposed change in the law stands, if also they apply to private homes as well, which by implication means that half the tenants of Government housing, for example those having pets or dogs in their houses and are technically committing a breach of their lease and could be asked by Government in theory although I am sure they have no intention of doing that, to relinquish their property. I am giving this as an example of the wide extent that the Clause covers. Similarly we are worried by the fact that this measure gives Government tenants far less protection than private sector tenants because private sector tenants will continue to be protected by the full strength of the law and Government tenants will not. I will highlight the part of the Clause that says "provides for right of entry or forfeiture for a breach of the lessee for any covenant or any condition of the lease". That is what I mean when I am talking about the wide powers, it means any breach however small. You would

have a ridiculous example of a tenant who has not painted his windows and the lease says that he has to paint his windows or his shutters rather and that could be interpreted as reason for loss of the premises. Now Section 14 of the Act of 1881 which the Government is seeking to make non-applicable to Government tenants states "that if a tenant is in breach of a lease, remember this includes someone in Government housing, then the landlord is simply required and there is no question of the three months to it, the landlord is simply required to serve notice on the tenant before exercising his right of entry or forfeiture. In this notice the landlord has simply to say three things: What the tenant is doing wrong; what he, as a landlord, requires to be done to remedy what the tenant is doing wrong; and any compensation, if any, that he as a landlord requires the tenant to make. simple and fair. Similarly under paragraph 2 of Section 14, the tenant having received this notice and if he feels aggrieved or if he feels that something wrong has been done against him, has total liberty to apply to the courts for redress against the landlord applying forfeiture or right of entry, and further most importantly the court has full powers of discretion to decide in favour of one or the other party to provide compensation in the light of all circumstances or in the light of the conduct of the parties concerned. A fair situation envisaged by an act of Parliament of 1881 and which has existed for over 100 years and now after eight months in power we have a GSLP Government saying that it is not suitable for Gibraltar. I would further stress that the provisos of this Act, and this is where I fail to understand the Minister's logic, the provisos of this Act of 1881 do not apply in the case of non-payment of rent it is specifically excluded by paragraph 6 of Section 41. They do not apply on non-payment of rent, if the tenant goes bankrupt, and if the tenant assigns, underlets or parts possession or disposes in any way the property. So if the whole intention is to enforce right of entry and exercise forfeiture against the tenant who has not paid his rent, there is no need to repeal the Act which affords protection in general terms to all tenants because that provision is already there in paragraph 8 of Section 41. I shall be interested to hear, I think we all are, at least on this side of the House, the Attorney General's views on this Clause and unless we are proved totally wrong we would suggest to the Government that the Third Reading of this Bill be delayed until a future meeting of the House, so that the Government can have an opportunity to seek legal advice on the necessity of this Clause. I would then ask them to consider what I have said and leave the Third Reading to a further meeting of the House or better still we would suggest that the best thing that could be done with this Bill is to withdraw it. We think it is bad legislation which is bad for Gibraltar. Thank you Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, this is not a matter of legal opinion, it is a matter of political responsibility and I am not sure

whose interests the Honourable Member opposite is defending or who the AACR is defending on this occasion, but it is certainly not the interest of Gibraltar, that is clear. Of course the Honourable Member has got most of what he has said wrong. I do not know whether I am going to have to spend the whole of my time in this House telling him he is wrong every time he gets up to speak. I would however wish he would do his homework. It is a complete nonsense to say that Government tenants in Government flats are covered by this, because, of course, they rent the property on a weekly rent and do not have a long lease. What we have is a situation where there are people who were given leases by the previous administration, the AACR, and in those leases they included conditions which they clearly have made no attempt to enforce. We had assumed when bringing the legislation that it was due to an oversight but we have found out that people were blatantly doing with Government property what they liked, and getting away with it, because the machinery for enforcing the agreements, these contracts, was so cumbersome that all they had to do was not pay the fee laid down in the lease for five years, and then when taken to court they paid at the last minute. They however got away without paying them for five years. There are many other things that are included in leases given by the previous Government, not by us we have not given any leases to anybody so far, which we have tried to enforce to protect public property which belongs to the people of Gibraltar but we have found that this ancient Act of 1881 was a barrier and we had assumed that the Act of 1881 was still there, not because the AACR believed in it or because they defended it, but because it had been overlooked, we took it to be an oversight that we were correcting but it seems incredible that the Honourable Member opposite should be defending with pride this 100 year old Act. It would appear that they would have kept it in existence if we had not come into Government. I thought when we came into Government that we had to wipe out, Mr Speaker, the cobwebs of 40 years of AACR administration, I did not realise that we would have to go back 100 years to put things right. We will certainly put things right, and when people, in future, enter into a contract with the Government for the use of Government property they must understand that what they sign on a piece of paper is what the Government will expect them to abide by and if they do not abide by it, then the property will revert to the public and to the Government. To me it is not a matter of interpretation of law, it is a matter of where we stand politically and we stand politically in protecting public property from abuse by private individuals who sign contracts and then do not comply with the contracts that they sign. We are not going to have a situation perpetuated, Mr Speaker, where individuals make huge profits at public expense by making use of property that belongs to the Government and then doing with it what they like. If the AACR has allowed that to continue throughout its term of office and we had thought it was being allowed, not as a deliberate policy but simply because it was another example of their neglect, we will not, it is a political decision that we will defend and if they chose to vote against it, well they can vote against it, but the Bill will go forward. It will be evidence of which side

of the fence they sit on and it is better that they should come clean rather than try and camouflage their political position by talking about how good an 1881 Act is in 1988 they should say that what they are doing is protecting people who are profiteering with Government property. If that is what they want to do.....

HON LT COL E M BRITTO:

If the Honourable Minister will give way. Just a correction, Mr Speaker, I did not intend to interrupt the Chief Minister and allow my colleagues to reply. However some of the comments are in direct reply to what I said and cannot be left without answering. Let me make one thing quite clear that I stand in this House defending the interests of the people of Gibraltar in general and not any particular section of interests as has been insinuated. I am defending, in this particular case, the interests of democracy as I see it. I feel very strongly that the Government is taking excessive measures in carrying out what it intends to do and if the intention, as the Chief Minister has said, and which I fully agree with, is to stop people from profiteering with Government property at other peoples expense, I support that. I however maintain that there is no need to remove tenants rights in all properties for the sake of penalising the small number of people who may be profiteering. The Act is there and the point that I was making about it being there for 100 years is that it has served to protect the interests of people for 100 years. It is there to protect the innocent and precisely because it does not prevent the tenant from exercising his right to forfeiture against someone who does not pay his rent. If that is what is worrying the Government then there is no need to repeal the Act because you can take back the property and examples of people not paying rent for five years have been given. Well fine, but you can correct that now if you want to. You can take action now. The point is that there is no need to take draconian measures verging on the dictatorial for the sake of a small number of people who may be breaching the law.

HON CHIEF MINISTER:

Well Mr Speaker, I have to assume after the Honourable Member's contribution that it is in fact my first interpretation that he does not know what he is talking about and not my second interpretation that he does know what he is talking about and that he is therefore defending sectarian interests. I have explained to him that we found a situation when we came in to Government, after having looked at hundreds of Government leases, that the wording inserted by the previous administration said 'in the event of the leaseholder not doing (a), (b) or (c) the lease is forfeited'. We checked and found that the leaseholder

had not done (a), (b) or (c), and it seemed to me a very simple contractual situation. I am not a lawyer, but for me my reaction was, if somebody signs a contract saying that I give him (a) and he gives me (b) then I expect that he should give me (b). When I asked "why is he not doing it?" I was told that he was not doing it because in fact the cost of getting him to do it, irrespective of what the lease said, and the lease said, the lease signed by them not by us, "if a person is in default this lease shall be determined", we said well all these people being in default why are their leases not being determined, and we were told "because of the 1881 Act which required a set procedure which was expensive in time and expensive in resources and people knew that by the time that you went through the whole procedure it is going to cost you more to collect than what was owed". Alternately at the very last minute they pay up and when you go to the court, the court says "the thing has been redressed". All they need to do is to wait until the final stage and then they cough up and they get off the hook and then they can start all over again. Now looking at the public interest and in protecting public property we thought well clearly this cannot have been the intention because why put into leases that you can do something if you cannot do it. It must be that obviously it has not been looked at like so many other things have not been looked at and people have not checked what their leases say, the leases signed in 1987, say something that is in fact in conflict with the requirements of the 1881 Act. Now what we are doing is making it possible to implement what the leases signed by the previous administration said that the Government could do but which in fact cannot be done unless those leases are taken out of the restrictive requirements of the 1881 Act. There is nothing draconian about it, we are not going after people who do not paint their shutters and kicking them all out, and we are not going after people who have dogs in the House. No we are talking about people being required to comply with Government leases and in the majority of cases overwhelmingly we are talking about commercial premises where the majority of Government leases apply. I do not know whether there are individual tenants who have leaseholds, I suppose there are some but there are very few of those in the context of the 5,000 domestic units owned by the Government and I doubt if more than one hundred, out of five thousand are held on long leases. Four thousand, nine hundred are weekly tenancies that are

covered by a tenancy agreement with the Housing Department and which has nothing to do with the 1881 Conveyancing Act and which is not protected by the 1881 Conveyancing Act. You can, in fact, kick all Government tenants out now. The Honourable Member may not know it as he has never been in Government but presumably if he has a Government tenancy himself? He has not. Well if he had, he would know that the practice every year when the Government raises its rents was to write to every Government tenant saying, "I am raising your rent next week and I hereby give you notice to quit". So we are not talking about introducing draconian legislation which is going to affect all the Government tenants in all the housing estates, when in fact those people are not covered by the 1881 Conveyancing Act because they could be given notice to quite the moment their rent is raised. Its the people that have leases and which determine already what they pay and when it is increased that are affected. It is a contract and that contract is a contract between two parties. One of the parties is not complying with the contract and the other party, which is us, is going to enforce the contract. Members opposite should have been enforcing it in the last sixteen years they were sitting on this side of the House and they have not done it. If they are against us doing it then it can only be because they were not enforcing it previously deliberately to protect vested interests. This Government is going to fulfill its public responsibility, irrespective of why it has not been done for 100 years or what the previous administration did, and if Members opposite want to make an issue of it well fine we are happy to make an issue of it. We are happy to stand up politically and defend this decision and let them defend their opposition to it, it is as simple as that.

HON P C MONTEGRIFFO:

Mr Speaker, first let me take up the Chief Minister on his homework, I think it is important to point out that we are not given enough time to do our homework. The way things are being done with Bills being chucked under our noses relatively late, about a week or ten days ago and then they are going to be bulldozed through during this session. However our homework has been done and on this occasion what the Chief Minister is telling the House is that this is not a matter of law, but that it is a matter of political responsibility or political judgement. Of course, what is a matter of law is what the Chief Minister wants to do or does not want to do because politics translates into law and in this situation, Mr Speaker, what is very obvious to us is that the man who is speaking nonsense today is the Chief Minister himself. Nonsense in a way, with respect, which I have not heard him speak of before or to such a great extent. A contract is not a contract as you think it should read or as I think it should read. A contract is a contract as according to what the law says it should read.



HON CHIEF MINISTER:

Or the lawyers.

HON P C MONTEGRIFFO:

No how the law says it should read and if the law says that whatever you put in a contract there is something else by statute which the politicians have passed, saying that that contract is interpreted in a certain way, then I am afraid that it is totally unprofessional for the Chief Minister to suggest the contract says "I paint your window", but then there is a statute that says, "well you cannot paint windows on Saturdays" and that is what applies. Mr Speaker, a contract is not just what is on a piece of paper, it is also about how the law interprets that, so in coming to this forum to talk about what you want to do politically, you have to do that legally and understand the implications. I think the point here is, unless I am totally misreading what we have before us, that the Government does not seem to know what it is putting in its own Bill because the first Section of 4A(1) states "This Section applies to every tenancy where the interest of the landlord belongs to the Crown". Tenancy means tenancy, Section 4 of the Ordinance is not part of the Ordinance that refers to commercial premises, it is the preliminary provisions of the Ordinance. As that now stands, and I stand to be corrected by the Attorney General, this is totally ambiguous, if this is only going to refer to commercial premises, the placing of the Section, I mean, if it does not mean that, then it is going much further than would appear to be necessary and it certainly does include somebody with a weekly tenancy. It is a moot point, but somebody with a weekly tenancy in Moorish Castle Estate, has a tenancy to which the landlord, the lessor is the Crown is the lessor and technically therefore the provisions of this Bill do affect detrimentally the position of every single Government tenant. That is how I see it. I do not see the wide wording of the Section limited to provide otherwise. The point goes further, there are other things. If this provision of 1881 is unfair, because it is an obstacle to the recovery of property, and it is an obstacle to the recovery of property, but it is an obstacle that the law specifically has included to protect tenants, then let us exclude it for everybody, let all landlords in Gibraltar have the ability to enter into commercial contracts which say, "if you do not pay rent, then I throw you out and give you thirty days notice of whatever". Why have a distinction between Government and other landlords. There would be consistency in an argument which said, "let us remove the 1881 Act, if you think that is archaic and the Bill of Rights was enacted in 1699 and nobody suggested that is archaic, just because it has got four hundred years. But if you think a thing that goes back a hundred years is archaic, let's leave it out for everybody but let us not have a situation where the Government will become a privileged landlord. Government lessees will be under greater threat than those in the private

sector without the distinction having been rationalised or justified in anyway whatsoever. Our reading of Section 14 of the Conveyancing of Law Property Act 1881 and Sub-section 8, subject to any correction which the Attorney General will give, makes it very clear that the Section shall not affect the law relating to re-entry or forfeiture or relief in the case of non-payment of rent. What this says then is that if a tenant has not paid rent, you can still go against him, you can get recovery without the tenant being able to invoke the provisions of this Section. If we agree to that extent and that is the malaise we are trying to cure, then all you need is to sue and to take action in court without having to repeal the Section. The logic, when looking at this Bill, what it appears the Government wants to do is to say that matters, other than non-payment of rent and for the various other exceptions also contained in the 1881 Act, we would like to have this ability to throw people out. That is obviously dangerous because it is totally open-ended. As the Attorney General will confirm, probably the most useful provision of Section 14 of this archaic piece of legislation, is the general relief afforded to a tenant. In other words, you can turn up in court and say, "look it is true that I have not been paying my rent for six months and I have breached that other covenant, but the reason is that the whole of Gibraltar has had an enormous recession or I have had a walkout or an industrial dispute for six months". A judge in 1888, not in 1881, in 1888, then takes a rational objective decision on what is fair in the circumstances and we think that that is not unreasonable. We think it is a proper way of dealing with the matter and either everybody is treated in the same way all landlords and tenants have equality of treatment or else we are going to have a two-tier system which we think is not justifiable. There is another point of principle as well, Sir, which is that as far as we understand it, the Government is committed publicly to a fullscale review of the Landlord and Tenant Ordinance and this amendment covers both residential and commercial, it therefore seems to us to be piecemeal at this stage to make a fundamental change in the way Government leases are going to be structured, Government tenancies, because it is not just a lease in the normal sense of the word, but all tenancies without execution anticipation of that overall review. We think it would be prudent for the review to be conducted with the proper consultation that is required when we change a fundamental piece of legislation and if this is Government's intention it should have been part of the changes which might have been Government policy to introduce. We do not think it is appropriate to bring this in piecemeal. Of course what it also does potentially, and I do not know, I bow here to the advice of the Attorney General, is that it has retrospective effect on leases that already exist. If that is the effect of the Clause and I think it is the effect of the Clause, I raise the question of constitutionality here, because you cannot have a situation where a landlord and tenant have entered into an agreement

say in 1985, where the tenant then thought as he would have been advised that had a right of relief against forfeiture, if I did not do x, y or z, because that is what Section 14 of the 1881 Act says. Now quite unilaterally we are going to pass a law in this House of Assembly that tells him, by the way you signed a document five years ago which you thought meant this, but what the law now says is different. I think the effect of the Clause is retro-active, it is retrospective and if that is the case, that must be bad. I think there is no argument on this side of the House that such retrospective legislation would be bad. There are a number of amendments that one could suggest to mitigate the damage, the impact that this Bill will have. For example a provision that there should be a Notice Clause, so that at least the tenant is given a chance to remedy an alleged breach before action can be taken. But that would be tinkering about with what is something which conceptionally, we think, has not been properly thought through. We strongly feel, Sir, and I said this on one or two occasions already and I suppose I will have to repeat it, that the Government does not appear to be open to persuasion on many things. Here we have a case where accepting the legitimate right that Government has to make sure that if people are in breach of their leases and Government is not therefore exploiting to the full those assets which the people of Gibraltar own and which therefore are entitled to have a return on, accepting that, this is not the way to do it. This has not been, I think with respect, properly thought out and for the sake of doing things properly this matter should certainly not be taken through the three stages at this sitting of the House. It should be put aside, let us have a chance for direct consultation with the Attorney General and with the Minister opposite, if he wishes, so that if it can be rectified, if our points are valid and have merit it can be dealt in that basis.

HON A J CANEPA:

Mr Speaker, very briefly I have three points that I want to make. One of them of a general nature and which I think is incumbent upon me specifically to make. That is that in the earlier part of this meeting, we were very cooperative with the Government in allowing legislation that was of an urgent nature, notably that on Social Security, to be rushed through the House. However, I do not think that all the Bills now on the Agenda and which are going to get First and Second Readings need go through Committee during the second half of this particular meeting of the House. The Chief Minister used to complain for many many years, when he was on this side of the House, that not enough notice was given of Bills and one would have thought that if he complained about that practice, and on many occasions I think that he was right, he ought now not fall prey to the same temptation. We will always cooperate in allowing the Government to introduce and to rush legislation through the House whenever it is in the public interest so to do but I do not think that the number of the Bills on the Agenda Paper, on the Supplementary

Agenda, really come under that category. There is this particular one, there is the Bill to amend the Income Tax Ordinance and the Bill to amend the Public Health Ordinance. These are all Bills where there should be an opportunity for the public and for certain representatives of organisations to have an opportunity to consider them and to hear about the points that are made in the House during the Second Reading of the Bill and which is a matter of principle, before the Committee Stage is rushed through. Otherwise they have no opportunity, no time to react to any of the points that are being made and moreover if amendments are given as sometime happens on the same day, as is the case today. So I think that as a principle that is not a good way of going about legislating. Some of the Bills that I have referred to, for example, the one on the Income Tax is very fundamental because they go to the whole root of the matter of citizens rights and I think that the public ought to hear what the Opposition has to say on the matter and if what the Opposition has to say does not matter, then democracy is going to be the loser and perhaps in time to come people may regret that this state of affairs was allowed to continue. So I would urge the Government on those three or four Bills to think again and to leave Committee Stage for a subsequent meeting. Now with regard to the two points that I feel should be made. My Honourable colleagues have mentioned, I think I ought to stress that, that there should be a proviso in the Bill for a notice in writing to be served on someone in breach of a Clause in a lease. It should not be incumbent, natural justice demands that it should not just be incumbent on the person to know that for three months he has been in breach of a specific clause. He should get a notice in writing bringing to his attention that he is in breach of a specific clause in the lease and that if he does not put this right then the Government is going to exercise its right to forfeiture. That is what natural justice demands, that people be given an opportunity for redress. The other point is, and perhaps some thought could be given to this, that I do not recall that there is a definition in the Landlord and Tenant Ordinance of what is a lease or when is it a tenancy agreement and not a lease. I must confess that I am not very well up with the Landlord and Tenant Ordinance and I was asking my colleague, Mr Featherstone, who was the Chairman of the Select Committee who is more familiar. He does not recall and I myself have not had the time, when the point occurred to me, of checking the main body of the Ordinance, the principle Ordinance, to see whether there is. If there is not, it might be good practice, good legislative practice, to define what is a lease in order to make it clear, if that is the desire of Honourable Members opposite, that a normal tenancy agreement which four thousand nine hundred of Government tenants have is not affected by the provisions of the legislation.

HON ATTORNEY-GENERAL:

Mr Speaker, if I could deal with the last point raised by the Leader of the Opposition. As I understand it, a

lease is a document which creates a legal estate, a term of years absolute and this is the sort of document that we are talking about and not a simple tenancy agreement for the occupation on a weekly basis. This is a document which creates.....

HON P C MONTEGRIFFO:

Mr Speaker, with your leave, I would perhaps take issue conceptionally with the Attorney General on this point and in any event the Bill does not talk of a lease. The Bill talks that this Section applies to every tenancy. It is quite clear in 4A(1) that the Section "applies to every tenancy where the interest of the landlord belongs to the Crown notwithstanding any provision where the lease creating a tenancy to which the Section applies", ie Section 4A(1). I bow down if you are willing to say legally that is the case and of course it comes in 'A, it could very well perhaps come in the Section - Commercial Property, part 3 of the Ordinance, I think, I forget now, this would clarify the matter further.

HON ATTORNEY-GENERAL:

My friends opposite will realise that the relevant Section of the Conveyancing Act refers to leases, and it is leases that we are talking about, documents which create terms of years absolute and I think that is made perfectly clear, Mr Speaker, by Section 4A(2), "notwithstanding any provisions in this Ordinance to the contrary where the lease created a tenancy to which this Section applies, provides for a right of re-entry". I do not think you will find it in many of your tenancy agreements a right of re-entry created. However my understanding of this particular Clause is that it applies to a lease which creates a term of years absolute, creates a legal estate, a leasehold estate, as distinct from a freehold estate. That, Mr Speaker, deals with the last point raised by the Leader of the Opposition. I do not think the Clause has any retro-active effect because the Clause only comes into life when there is a breach which remains unremedied for a period of three months. Mr Speaker, this is one of the things which is very difficult to explain to a lay client. But every lease contains a Clause saying any breach of this, any of the Clauses in this lease, shall give the landlord the right to re-enter upon the premises and thereupon the legal estate created in this document shall cease and absolutely determine. Now that is what the parties had originally intended, that if you do not comply with the conditions of the lease, the landlord will be able to go in and take possession of the premises. However then the 1881 Conveyancing Act came along and said well this is not right and before you can march in, you have to give a written notice specifying the breach, giving the tenant the right to remedy the breach and allowing the tenant to go to the court and say why his tenancy should not be forfeited. Sir, I think this particular Bill does have a retro-active effect in that it applies already to leases which contain such a Clause, but it only will apply for future breaches of any terms and conditions in that lease.

HON P C MONTEGRIFFO:

Mr Speaker, if the Attorney General will give way. That is exactly what retrospective means in this context, that if I enter into an arrangement with a landlord today with the law saying you have a right of entry, but the law also says that that right of entry is qualified in this particular way that is the basis which commercially I go into the arrangements and it is when I sign that lease, the Attorney General will accept, I do not just read that piece of paper, I know what the effects that piece of paper has. What those words mean and what those words mean that I have a right of relief against.....

HON ATTORNEY-GENERAL:

I take the point. It will affect of course rights of re-entry in existing leases, but only in respect of future breaches.

MR SPEAKER:

Are there any other contributors? Does the Honourable Minister wish to reply?

HON M A FEETHAM:

Mr Speaker, I think that when all the legal jargon has been expressed in this House by people who obviously are quite capable of expressing themselves in legal terms because it is part of their job, in their own private lives, and they are therefore quite confident in what they are saying. However let me add that what we are doing today is a matter of deciding the political will of the Government and that is enshrined in the policies that we bring to this House. That policy when it is reflected in a Bill, is on the basis of the policies we have explained to the Law Draughtsman and he is the one who says to the Government this is the way that that policy can be pursued in the House when changing legislation. This is precisely what we are doing as we have explained and the Honourable Chief Minister has made very clear, the will of the Government when it comes to situations where there are agreements made with the Crown and where one party is not meeting those conditions, and I will be very blunt in what I am going to say. The Honourable Leader of the Opposition, when he was Minister for Economic Development and was in the position that I now find myself in, must have had the same problems that I am now faced with. The difference is that this Government has shown the political will to face its problems and nobody should therefore be unnecessarily worried about this particular Bill. Because at the end of the day it is not going to affect the innocent but those people who do not comply with their legal obligation on the use of the public property which they have leased, property which is owned by all of Gibraltar for the benefit of the people of Gibraltar. That is what we are doing in bringing this Bill here and we have done so on the advice that we have been given to enforce

obligations that have been voluntarily signed by two parties, the Crown and the lessee. That is the reason why we have got this Bill here Mr Speaker.

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

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The Bill was read a second time.

#### THE LANDLORD AND TENANTS AMENDMENT ORDINANCE 1988

HON M A FEETHAM:

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

This was agreed to.

#### THE TRADING LICENSING (AMENDMENT) ORDINANCE 1988

HON M A FEETHAM:

Sir I have the honour to move that a Bill for an Ordinance to amend the Trade Licensing Ordinance be read a first time.

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

#### SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill in itself does not constitute any drastic changes to the substance of the Trade Licensing Ordinance but should, in the main, be seen

as an exercise to tidy up the provisions in a couple of areas and to give effect to certain outstanding EEC commitments. At present the fees charged under the Ordinance are contained in the Ordinance itself in a form of a Schedule, Schedule 1. This means that any changes in the fees require an amendment to the Ordinance and consequently reference to this House. It is considered that this is an unnecessary cumbersome arrangement and it is therefore proposed to remove the fees from the Ordinance and include them in Regulations which can then be altered without reference to the House. This Bill also contains various amendments which have become necessary to meet our EEC obligations. These can be summarised as follows:

- (1) to expressly cover companies and firms under the provisions of the Ordinance, notwithstanding that the word 'person' has always been interpreted to cover companies, firms and partnerships;
- (2) to update the wording in Section 16(2), to take account of the British Nationality Act of 1981 and the new declaration by Her Majesty's Government at the time of its enactment on the definition of the term 'nationals' in the EEC Treaties replacing that made on the signature of the Treaty of Ascension;
- (3) to introduce and express reference to the terms and conditions of the licences to make it clear that these may not be used as a means of discrimination;
- (4) to set out in terms of current EEC legislation, the evidence that will be acceptable to establish the state of non-bankruptcy in another EEC state of an application for a licence made under the Ordinance in Gibraltar; and
- (5) to delete Road Transport Contracting from the list of Specified Business Schedule 2 requiring a licence. The inclusion of this item in the Ordinance in 1976 was wrong and in contravention of the Treaty of Rome. The deletion however will not take place until the necessary amendments to the Traffic Ordinance, which will in effect introduce the need for new transport contractors to hold an operator's licence which will only be issued if certain criteria is met.

The amendment proposed under Clause 6 seeks to regularise the position with regard to the importation of goods under a Trade Licence following an amendment made to the Ordinance on the 16th December 1982 and which coincided with the opening of the frontier. As a result of which the definition of trade was extended to include the importing of any goods into Gibraltar in commercial quantities. The purpose of the 1982 amendment was to control indiscriminatory importation into Gibraltar by requiring



the Importers to hold a Trade Licence. Quite apart from the Import Licence which is required under the Imports and Exports Ordinance for the importation of certain goods. Although the amendment itself contained transitional provisions to extend existing Trade Licences to cover importations, these provisions required licence holders to go through an abnormal cumbersome process of applying for a Trade Licence as if it was a new licence, and the event probably for this reason, and because not sufficient publicity was given to the requirement, only a handful of licence holders applied for the extension of their licence. Notwithstanding their failure to comply with this requirement, it is known that many traders have been importing goods under their unextended licence. The amendment before the House seeks to regularise the position with retrospective effect. I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we have no difficulty in accepting this Bill for the reasons which have been stated by the Hon Minister and we therefore propose to support it.

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

HON M A FEETHAM:

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

This was agreed to.

THE TRAFFIC AMENDMENT NO.2 ORDINANCE 1988

HON J C PEREZ:

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

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

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the minor points that are being altered in the Ordinance are self-explanatory and are as stated in the Bill's EXplanatory Memorandum. I therefore do not propose to extend myself unless the Opposition raise any queries on any of the proposed amendments. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes Sir. We are not too happy that Section 2 should be classified as a minor point, as the Honourable Member who has just spoken has stated. This is the non-transferability of licences. We would like further explanation on exactly what is provided in this non-transferability? Will it mean the taxi licences are not transferable? Will it mean that road service licences for motor buses are non-transferable? Will it mean that Private Hiring Car licences are non-transferable? We would like to have some further explanation rather than the quick gloss over which the Honourable Member has made. As far as the rest of the Bill is concerned, we have no objections whatsoever. Thank you Sir.

MR SPEAKER:

Are there any other contributors? Does the Honourable Minister wish to reply?

HON J C PEREZ:

Mr Speaker, the Honourable Member seems to have a short memory. The purpose of this amendment is as a result of an agreement the Hon Member opposite made with the Taxi Association on the 9 August, 1987 and which committed him to the Private Hire Licenses given at the time being non-transferable. The Hon Member signed that agreement, his signature is on it. Therefore in order to be able to give effect to that agreement, which he signed, we have been forced to change the law. That is the explanation, Mr Speaker.

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

HON J C PEREZ:

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

This was agreed to.

THE INCOME TAX AMENDMENT NO.2 ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

## SECOND READING

### HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I do not think there is a great deal I need say about the first Clause in this Bill, Mr Speaker, which is in fact self-explanatory indeed the explanatory Memorandum states precisely what the purpose of the Bill is. I should however say to save the Members of the Opposition's time that it is our intention, as I think we may already have informed you, Mr Speaker, to withdraw the proposed amendment to Section 37, which is Clause 3 of the Bill, at Committee Stage. I think I owe it to this House, at this stage, to explain this. As Honourable Members will be aware we have recently introduced Rules under the Income Tax Ordinance dealing with the question of the proportionality of the allowances which "permitted individuals" may be given and the effect of those rules would be to reduce the allowance, and this is in furtherance of the amendments to the Income Tax Ordinance which were introduced in 1986 so that the provisions governing "permitted individuals" are not in fact abused by people who only work in Gibraltar for very very short periods and then be able to claim the whole allowance for one month. I accept that that is an extreme position, one might have a situation where an individual worked one day in one month, one day the next, shall we say a total of twelve days throughout the year, this is an extreme position for the purposes of exposition and he would be able to claim the full allowance, the full personal allowance, for the whole year as a result of twelve days work. Clearly that is not the intention, that would be an abuse of the provisions of the Ordinance. The recent amendment to the Rules, which we introduced, corrected that position and it had been our intention to take the provision a little further but we came up against a technical problem when we looked at the wording of this particular amendment in relation to Section 36 of the Income Tax Ordinance as it was amended in 1986. It is as a result of that that we have withdrawn, or we are proposing to withdraw, the proposed section 3. We explained that this Clause was to correct the defective phraseology for Section 37 and I am afraid that because of the phraseology of Section 36, we will have to withdraw this particular Clause. I felt that I should give the Opposition some notice of that so that they need not consider this particular Clause in their reply. I commend the Bill to the House.

### MR SPEAKER:

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

### HON P C MONTEGRIFFO:

Mr Speaker, this is another of those Bills where we would be seeking Government's agreement to defer Committee Stage to a later sitting. I am grateful to the Financial Secretary for his explanation of the reasons for the deletion of Section 3. We are however concerned with Section 2 and I think it is important for people generally to understand what it is we are talking about in this Ordinance. We all know but people outside the House may not. What this Clause says, Mr Speaker, and with your leave I will read it. "Notwithstanding anything contained in this Section, the Commissioner may at the request of the Financial and Development Secretary provide such information relating to any matter referred to in this Section as the Government of Gibraltar may require for the purposes of formulating the Economic and Fiscal policies of the Government". That subsection, Sir, arises in the context of a Section within the Ordinance that protects secrecy. The secrecy of information which the tax authorities receive from individuals when they pay their tax and they make their returns. I think it is important for people to understand that and to place the debate on that footing. Our view very simply is that the provision is much too wide, much too loosely worded, to allow it to go through without comment or an attempt to amend it. The UK position, Sir, on secrecy of information, of similar information, is fairly complicated. There have been a number of amendments and numerous provisions relating to information that Employment Boards may ask for or Statistical Information which different entities in the UK may ask for. The fact however remains that in the Gibraltar context where we have a much simpler structure, we are moving dramatically away from a situation where there was, by and large, a high degree of secrecy except in certain provisions in the existing law, which allowed disclosure to the Principal Auditor and various other entities, to this new situation where technically the Financial and Development Secretary at the insistence of the Government, obviously, will be able to provide any information which comes into the hands of the Commissioner of Income Tax. True the Commissioner of Income Tax would appear to have a discretion by the use of the word 'may' in the second line, but I think that is more a matter of form than of practical protection, because I would not have thought that the Commissioner of Income Tax is going to be in a position or it would be difficult for the Commissioner of Income Tax to take a stand and say "I do not think that this information should be divulged" when the Council of Ministers, acting through the Financial and Development Secretary, might think it is necessary. What we are seeking is that the Government consider introducing some guidelines within this Section as to the type of information or what form it should take. For example, could there be a reference to statistical information, instead of stating such information, "such statistical information". Could it be on a no names basis, so that whatever information was produced, would be without identification of particular employers or companies or



individuals, but simply listed, as I say, anonymously so to speak. The matter is complex and I do not think there is an easy comparison in the UK which we can find, but the Clause as is drafted appears to us to be wide, much too wide for the purposes to which we think legitimately there is a use. Because I should point out that we are as interested in statistical information being made available to the Government to help them with the formulation of their economic policies as anybody else, but we think this is going too far and we feel that there is genuine ground for a proper definition of the type of information that is going to be obtained, for making it on a no names basis and perhaps to also saying that any information shall be in relation to three or more contributors. Let them be grouped into a certain amount of numbers, so that individuals or particular firms cannot be singled out. Sir, this is another of those Bills that came to us fairly late in the day and I think it is important to try and prune the extent of it and I would therefore suggest that the Government take our comments on board prior to the Third Reading.

HON CHIEF MINISTER:

Mr Speaker, the second Clause of the Bill, which is the one that interests Members opposite, will quite rightly be defended by the politically elected Government and not by the official because it is a political decision. The political decision is a very simple one. I would have thought that between the 10th November and today, the Honourable Member opposite would have been able to work it out.

HON P C MONTEGRIFFO:

We did not get the Bill on the 10th November, we got it way after that.

MR SPEAKER:

No, with respect, not way after. The Bill was served on the Opposition on the 11th day of November.

HON CHIEF MINISTER:

It is in fact only one clause. I can understand that the Honourable Member, in spite of his legal training, might require several months to decipher lengthy complicated legislation but there is nothing lengthy or complicated about this. It is very simple. What we are saying is the Government should have access to the information on its revenue sources to enable it to do its planning function properly. Of course we have a situation where this has not happened in the past. The previous administration did nothing to correct it. Presumably they were happy with that situation, they did not mind, but we mind and we have in fact found on taking office that the Commissioner of Income Tax felt that he could not provide information that we required, with the law as it was, and therefore

we gave instructions as a result of policy decisions of the Council of Ministers that the law should be amended to enable us to obtain the information that we wished to obtain, whatever that information may be, in order to govern Gibraltar. Let me say to give an illustration that although the Commissioner was eventually persuaded, that within the existing law he could provide it, it took a bit of shall we say, not argument, but a bit of illustration to demonstrate that the information that we wanted was not in conflict with the existing law. We had asked "how much tax is paid by the whole construction industry in Gibraltar" which we think is an important and relevant piece of information and we asked "how much tax is paid by all the banks in Gibraltar on company profits" and it was felt that this information could not be provided. Then after a certain amount of toing and froing it was agreed that since we could not identify from which bank the information was coming from, it could be made available. Let me say that it has been phrased in a way that it is not subsequently interpreted as preventing us from having access to the information that we want to have and I am certainly grateful to the Honourable Member for pointing out that the word 'may' in the amendment might be open to interpretation and if that is so I shall certainly move an amendment to substitute 'may' for 'shall'.

HON P C MONTEGRIFFO:

I think that is what is meant, Mr Speaker.

HON CHIEF MINISTER:

I mean 'shall', I do not mean 'may'. There is no doubt about it. We will move an amendment at Committee Stage.....

MR SPEAKER:

Perhaps you mean 'will'.

HON CHIEF MINISTER:

Yes, I am being absolutely clear about it. I do not want you to be in any doubt.

HON P C MONTEGRIFFO:

The amendment says 'may'.

HON CHIEF MINISTER:

That is why I am grateful to the Honourable Member for bringing it to my attention because we had not seen that possible danger. We will consult the Attorney General to see if there is any risk of Government being refused information because of the possible interpretation that the word 'may' is discretionary and then the information cannot be obtained. As far as we are concerned the Government expects to be able to receive information that it requires to carry out its job. Of course, although

the primary purpose is, as I have said, for formulating Economic and Fiscal policies, and I would draw attention to particularly the word 'Fiscal', because we are talking about people meeting their obligation to contribute to Government revenues. Obviously, I do not think this is going to worry anybody that is quite happy that they are paying all the taxes that they should. If anybody is going to be worried, it must be necessarily those who are not. Certainly, I cannot imagine any PAYE tax payers who themselves are quite happy to publish how much PAYE they pay, getting concerned about that being published.

HON P C MONTEGRIFFO:

I am sure the Chief Minister is not suggesting that our concern arises from that.

MR SPEAKER:

Order, order.

HON CHIEF MINISTER:

I am not suggesting that. I am just trying to reassure the Honourable Member of his concern about whom might be worried. The Government for example has been able to obtain, even without the support of this Clause, a detailed breakdown of all the employers who have been collecting PAYE from their employees and keeping it. I am also sure the rest of Gibraltar would be delighted to know their names. I do not see why the rest of Gibraltar should not and the matter is, of course, with the Attorney General who is taking action to pursue them. Of course if these debts are not settled and action is taken then it will become public knowledge. This business of the sanctity of the secrecy, I do not know what the view is, in the United Kingdom, but certainly the view of our Government is that the information that comes into the Government, is for the use of the Government, and therefore the Government will use it in order to implement its policies and the Government collects that information for that purpose and the information collected by the Income Tax Department, in implementing the Income Tax Law, is information that has to be fed back to the Government so that the Government assesses how successfully its Income Tax Laws are being implemented. If we find as we did find, for example, that a couple of years ago the entire construction industry in Gibraltar, the whole of it, was making so little profit that they only paid £30,000 at 40% Company Tax, I think that information has to be made available to a Government that cares about whether people are paying their proper taxes or not. To a Government that does not care, perhaps they did not need that, but we need it, and therefore, Mr Speaker, it is not a question of it being a complicated thing, there is nothing complicated about it and we take political responsibility for it. We intend implementing Government policies and making sure that the burden of meeting Gibraltar's public costs are equally shared by all sectors of the community

and ensuring that we are able, in the exercise of our fiscal policies or our tax policies, to producing results and in terms of our economic policies that the economic programme that we have got is in fact reflected in what we see happening on revenue yields. I think we can do that in a detailed breakdown with import duties where we can identify today, and there is no secrecy about it, the Government is able without any change in the law, as the law stands today, to get a detailed breakdown of every single item that comes into Gibraltar, how it comes in, who it comes through, how much is paid and how much duty is collected. We think that the same should be true of other sources of economic activity in Gibraltar, other than importing, and we therefore think this amendment is necessary to carry out the policies of the Government.

HON A J CANEPA:

Mr Speaker, I have always known what the essential difference was between the manner in which the Government gets draft legislation and how the Opposition gets the draft legislation which sees the light of day when it is published in a Bill. But particularly for my three colleagues who are new to the House, there is an important factor that I think needs to be stressed. If a Bill is published on the 10th November, and it is circulated to the Honourable Members of the Opposition on the 11th, in theory before the Bill can come to the House today, the 29th, there are eighteen days available for the Opposition to do its homework, study the Bill and discuss it. It does not, however, always work out in practice, as I am sure Honourable Members know from the time that they were in the Opposition, it does not always work out like that. The Government however has an in-built advantage, the Government sees the legislation, in draft form, the Government will probably discuss what legislation it wants, in principle, even before hand. It will discuss what it wants, take a decision, ask for the legislation to be drafted and then the Government is able to see the draft Bill and invariably that happens or ought to happen in fairly relaxed circumstances. The Bill will be an item on the Agenda of Council of Ministers and therefore Ministers will have an opportunity to study it before that particular meeting, discuss it and then see it again before it comes to the House. That is not necessarily what happens to the Opposition. The Opposition may get the Bill on the 11th or the 12th, when it receives the Bill, they do not necessarily know whether that Bill is going to be on the Agenda of the next part of the current meeting of the House, or even of a future meeting of the House. Until it gets the Agenda, the Opposition does not know when that Bill is going to be dealt with. Then you may get a Supplementary Agenda a week before the date on which we are going to meet. That is the time when you perk up and take notice and say right this is the Bill that I have definitely got to give my attention to. There is now a Bill in published form, something about the carriage of goods that I think was published in July and it has not yet come to the House. We do not know when it is going

to come to the House, so sometimes effectively what happens is you get a Supplementary Agenda and then you know that the Bills are down for discussion in the House. Then you may find that for a variety of reasons, some of the Honourable Members could be absent, could be away, as happened last week, when I was away for three days, so was Mr Pilcher away for three days, but Mr Pilcher had the advantage of seeing the Bills in Council of Ministers which is not the case when a Member of the Opposition is away and we may meet normally, say on a Tuesday, for our normal business and we get the Supplementary Agenda on a Thursday and the House is going to meet the following Thursday. It might not be totally convenient for all Members of the Opposition to get together, discuss the Bill, our attitude to the Bill, such as it is, try to do something first, try to do our homework, try to find out what the position is elsewhere such as the United Kingdom on similar legislation. These are the difficulties under which the Opposition labours, and I know that Honourable Members opposite when I used to tell them from the Government benches, well look you have to do a bit of work because you are being paid an allowance as a Member of the House, I think privately they used to complain about this sort of thing. Sometimes we do have to work under pressure, and that is the reality. Sometimes you are not able to come to the House as prepared as you would like and to have taken all facts into consideration. Therefore when you see a Bill for the first time such as this one, the impression that you get is, here is a piece of legislation which gives the Government very wide powers, which does not seem to afford a safeguard and protection for the individual taxpayer. It is alright for the Government to get information in general terms on matters to do with Income Tax and so on, but very specific information about the amount of tax being paid by an individual or not being paid, that gives rise to certain qualms. When you have been in Government for sixteen years and you would very much have liked the Department for which you are responsible to have had that type of information and I do not mind telling Hon Members, that when I was Minister for Labour and Social Security to try to get possible cases of fraud, I would naturally have liked my Department to have been able to get information from the Commissioner of Income Tax about the tax being paid by certain individuals who were claiming Supplementary Benefits, but I could not get anywhere. Maybe, and I will be absolutely frank about this, we should not have paid as much attention to officials on these matters as we did. However, if we did it would certainly have been out of goodwill and for no other reason. It seems to be a very sensitive matter and I think Honourable Members will understand that from 1972 to 1988 we have moved a very long way on matters to do with taxation. In those days, in the early seventies, there was very little tax being paid because very little tax was being levied and for no other reasons. It was a completely different environment and you tend to get conditioned in your way of thinking, it is inevitable, it happens, it should not, but it does. You tend to be conditioned by what you have heard on a

previous occasion. In my case, as Minister for Labour, I could see that I was not able to make headway in trying to get information on possible cases of fraud. Then when you leave the Department later on, your mind tends to be conditioned in such a way that this is an area that you do not look at. That is the advantage, I think, of a fresh look at the matter. I have now heard, today, what the Chief Minister has said and my mind is much more at ease because I see nothing wrong in the Government knowing or indeed of it being public knowledge, what is the total tax paid by the construction industry. I cannot see anything wrong with that. What is the total tax paid by the banks, we get a figure of £21m or £22m collected from the Income Tax and to have a breakdown as to what each industry pays, to me there does not seem to be anything wrong in principle. On the contrary, it might be very useful to have that information in order to aid the Government in its economic policies. But in the hands of an unscrupulous Government without safeguard, the powers that enable you to obtain general information of that nature may also enable you to obtain information about specific cases, and that is where one is somewhat concerned. Therefore ones attitude is always to ask, what has been the practice in the United Kingdom, and is it, whatever the practice may be, is it one of long-standing, is it a practice which successive Governments in the United Kingdom have honoured or does the Government of today in the United Kingdom, the Thatcher Government, does it take a different view and has it enacted different legislation to what the Labour Government did between 1974 and 1979. This is the sort of thing that it is always useful to know. So there is just this underline area of concern, I think, we can accept what the Chief Minister is saying, what the information is aimed at, but we would like to hear a little bit more, we would like to know whether in fact, having regard to legislation elsewhere, such as in the United Kingdom, whether certain safeguards and further provisos could not be introduced at Committee Stage. Failing that one's tendency is perhaps to suspend judgement and if the Government abuses the powers which it is getting under this Bill, when we come back to Government, we will repeal it.

MR SPEAKER:

Are there any other contributors?

HON M A FEETHAM:

Just a couple of points. On the question of procedure, Mr Speaker, we are actually following the same procedure as we found when we came into office. If they are under pressure with regard to Bills, we have been under pressure also. Nothing has really changed as far as that is concerned, there is nothing new, I remember the Honourable Ex-Chief Minister saying "you are getting a reasonable allowance, you should be doing your homework". That is what we were told when we were on that side of the House. On the question of the principle of the Bill itself, if we were to forsake obtaining necessary information where one can, as the Honourable Chief Minister has said, to

establish the economy of Gibraltar, to see what is stimulating the economy of Gibraltar at any particular time, if we were to forsake that on the hypothetical assumption that in the future there could be an unscrupulous Government that was going to abuse this legislation, then we might as well not do anything. One works on the assumption that any Government that comes after us will behave in a scrupulous manner and I recognise that the Opposition, if it came into power, would use such information for the benefit of Gibraltar. On that basis I do not think anybody should be arguing about the Bill in itself, Mr Speaker.

HON LT COL E M BRITTO:

Mr Speaker, I do not want to repeat the arguments that have already been expressed here by Members of this side of the House, except to say, that I was pleased to hear the clear comments made by the Chief Minister and to reiterate that we have no objection to the Government's intention of compiling information, as long as it is of a general nature, of a statistical nature and on the basis that it will preserve the confidentiality or individual information submitted to the Income Tax Department. On this point I would like to quote the reaction of a former senior official from the Income Tax Department, who on seeing the wording of the Bill, said "that he found it alarming and contrary to the principles of taxation". If an amendment preserving the confidentiality of the individual information is included we will support the Bill and we shall be moving such an amendment at Committee Stage.

HON J C PEREZ:

Mr Speaker, the retired official in the Income Tax Department that found the Bill alarming was probably the same person who prohibited the Honourable the Leader of the Opposition obtaining the information he needed when he was in Government. No wonder.

MR SPEAKER:

Are there any other contributors?

HON A J CANEPA:

I think I ought to make clear what the Honourable Mr Britto meant. What he meant was that at the Third Reading of the Bill, when we move an amendment, if it is accepted then we will vote in favour of the Third Reading. However at this Second Reading stage we are abstaining.

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

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The Bill was read a second time.

FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE PUBLIC HEALTH AMENDMENT NO.2 ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this amendment to the Public Health Ordinance like many other features of the Public Health Ordinance has nothing to do with public health. The first amendment has of course to do with rates and I think the purpose of the amendment at Clause 2, is fully explained in the EXplanatory Memorandum. The other sections of the Bill are of a relatively minor nature. In Clause 3 as explained again in the Memorandum the intention is to alter the rating year and therefore there are a number of consequential amendments throughout the Public Health Ordinance which shall have the effect of postponing the commencement to the rating year from the 1st April to the 1st July in order to make it coincide with the Income Tax

Year. Clause 4 of the proposed Bill applies these provisions, the amendment to Section 297 1A being relevant, to hereditaments occupied by the Crown thus bringing the Crown into line with the arrangements for privately owned property. There is however, Mr Speaker, one point which I should make at this stage, again, to anticipate any possible representation which might be made by Members of the Opposition and that is that we propose an amendment at the Committee Stage, in particular, to Clause 2, subsection 2, which as it now stands says that "the arrangements shall have effect with regard to all rates and arrears of rates which remain unpaid on or at any time after the 1st April 1989". It has been pointed out to us, since the Bill was published, that the effect of this would be rather too drastic and perhaps contrary to the normal principles of natural justice, in that it would make the transfer of responsibility retrospective, and hence the owner of the property, the landlord, shall we say, could become liable for arrears of rates for some considerable period of time in past history and the Government felt on further consideration that it should not introduce such a measure, so at Committee Stage Mr Speaker, amendments will be introduced so that the Ordinance will have effect from the 1st July 1989 and only on any arrears which may accumulate thereafter. I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes Sir. This Bill's purpose is to make me my brother's keeper. The owner of a hereditament is going to be liable to pay the rates for his tenant, if the tenant does not pay the rates in the due period, it does not say whether he will have to pay the extra interest claimed on those rates or not. Surely it goes against the principle of natural justice in which you pay for what you get. It is the occupier of the premises who gets the benefit of the rates, he gets his refuse collected, he gets the Fire Brigade to look after his property etc, and therefore he should pay. It should not be the owner who should be the policeman to see whether he should pay. Whether this is an attempt to make the collection of rent, inclusive of rates for all hereditaments is something that I would like to know. Is that Government's intention? There are certain facets in this which do bear a little consideration. Take a piece of property which includes a shop now very often these pieces of property are not owned by wealthy property owners, but are owned by a widow or a single lady who depends on the rent of that shop for her livelihood. Let us assume the shop is going bankrupt. The first thing the shop will do if it is starting to lose money etc, is not pay its rates. After the first three months the rates will then devolve on the little old lady to pay. Something

which she is not going to be very easily able to meet. As time goes on the shop goes from bad to worse and eventually becomes bankrupt. What is the position of the property owner? When eventually the bankrupt shop's assets are ascertained and the time comes to make a partial payout to the creditors, is she going to be in the position of a preferential creditor, because she has paid the rates for the shop? Because rates are a preferential creditor as far as Government is concerned. Or is she just going to be just one of the run of the mill creditors and perhaps get back only 20% of what she has paid out. This can create considerable hardship for the small property owner and we do not think that full consideration of these points has been taken into account. There is also the case when a shop is empty. Will the property owner have to pay the rates for that shop? Under normal circumstances when you have an empty shop no rates should be paid upon it. Again this does not seem to be clear. We are grateful for the amendment which has been proposed for Clause 2. At least it does not have retrospective effect because we know there are certain properties where the rates have not been paid for a considerable amount of time and it would be almost unbearable for those rates to be passed on to the property owner. We feel that this piece of legislation should be looked at again and the Committee Stage and Third Reading should not be taken at this stage. We suggest to the Government that they look at it once more to see whether they can ameliorate the conditions under which they are making the property owner's the policemen for the payment of rates. We had some years ago a similar piece of legislation in which the seller of a wireless or television set had to see that the license was paid by the person purchasing a television set. The Bill became law but it never worked properly and it has not worked to this day. I foresee that this law also will not be satisfactory in its day to day working. Instead of suing the tenant of a property, the Government will have to sue the property owner and I cannot see really what difference that would make. Thank you Sir.

HON CHIEF MINISTER:

Mr Speaker, one of the things that we find in this House is that Members opposite do not remember what has been said before when they were in Government, otherwise they would know that this was GSLP policy since they were in Opposition. The Honourable Member will know that I proposed it to the Government when we were in the Opposition. When they came here seeking to write-off, as irrecoverable, arrears of rates and I put it to the Government then, that one of the reasons why they were not able to collect these arrears of rates was because the rates were not levied on the building but were levied on the occupant of the building who then disappeared. The only way to ensure that everybody paid their proper share was to make sure that there was an asset that could be pursued and this clearly meant the responsibility should be the landlords. The landlord owns an asset which is the building on which the rates have been levied so all the argument, if the Honourable Member cares to go back he will find it is all

in Hansard, and it was all put from the Opposition. When I voted against what the AACR was doing, I told the AACR at the time, that a future GSLP Government would act to rectify the situation and this is what we are doing, what we said we would do before we got into Government. I do not think he is going to change my mind by the story of the little old lady. Maybe he should try the one about Little Red Riding Hood, that might be more effectively. In which case, I am then the big bad wolf. The decision to amend, at Committee Stage, the proviso of the arrears arises because the argument has been put to us, by landlords, that why should they be penalised for the negligence of the AACR. We accept that they have got a valid argument. They said to us if the AACR through its negligence of its public obligations failed to collect the rates of my tenants, why should I now be charged for all that money and since we cannot get the money from the Members opposite we feel it would be unfair to get it.....

HON M K FEATHERSTONE:

If the Honourable Member will give way. If it is the case of a tenant who has not paid the rates for the year up to the end of April 1989, it will be the negligence of the GSLP.

HON CHIEF MINISTER:

Fine. Then I think what we are prepared to do is to amend it as from the 1st April 1988 that will then meet the argument and we shall charge the landlord for the arrears for this current twelve months. I accept that point. We will take that into account when we come to the Committee Stage and we can always recover one year of arrears, it is a very good point and I am very grateful to the Honourable Member. As regards the arrears prior to our coming into office, Mr Speaker, we are talking about very very high sums of money which unfortunately we may not be able to get back. We have in fact improved the situation somewhat by the re-introduction of the penalty, which was put on by the previous administration and then taken of again. If you will remember, Mr Speaker, I supported them when they put it on and I opposed it when they removed it. We have now re-introduced it, it has only been really in place for six months, but it has had the effect of reducing arrears by something like £1m. We hope that that effect will be there and we think that this strengthens the position of the Government, and at least we ought to keep one member of the Opposition happy, the Honourable Mr Anthony who is the one who asked us in the House how the arrears were doing. We hope that as a result of this Bill which we hope he will support, we will be able to give him answers showing progress.

HON P C MONTEGRIFFO:

Mr Speaker, humility is not one of the Chief Minister's.....

HON CHIEF MINISTER:

Or of the Honourable Member opposite!

HON P C MONTEGRIFFO:

I am not sure about that but that is something the public will have to judge. But humility is certainly not one of the Chief Minister's attributes and neither do I think is his political honesty, I know this appears to be a strong word, but the Chief Minister has said that he has been approached by landlords and that one of the points they raised on this Bill was that they did not want to pay the price for the negligence of the AACR. Well, Mr Speaker, if you make a statement like that, the Chief Minister makes a statement like that, which is either complete rhetoric or a point which is of merit and therefore for debate in this chamber. Well let him also say that the view of the Gibraltar Bar Association was and I quote, "that the measures can probably be described as draconian measures to collect rates due to Government by occupiers of property from the owners thereof". They were draconian not because of any alleged negligence, although there is mention to the fact that they had not been collected in the past, but because they were anti-constitutional, because they had retrospective effect going back six years, because the measures were a sledge-hammer to crack a nut, and this Bill, the green piece of paper we got, has come to this House now substantially amended, by the amendments on a white piece of paper and which take away that retrospective element which was anti-constitutional and totally offensive. The Government really does not get it right all the time when it publishes its Bills. The point that arises, in principle, is whether an occupier who normally is responsible for payment, because he is getting the services, should now find that an owner foots the bill when the owner does not receive those services at all. That is a matter of judgement, a matter of political judgement whether or not you are willing to make the owner responsible for services he or she does not obtain. In principle, it seems wrong, in pure theory, but if there are practical difficulties in collecting rates from tenants, then pragmatism might determine that you take a practical approach and charge it against the landlord. But there are real issues that I do not think have been addressed which are still a problem in this Bill. For example, the retrospective element of it have been done away with partially and I say partially because although it now says "rates affected in this Bill are only those Bills after April 1989", many leases, agreements for leases, may have been signed commercially on the basis of a document which does not encompass the type of provision a landlord may well need now to protect his own position. So whereas a lease which is in place already is safeguarded, because we will not have retrospection of rates going back, you may well have now in a development, any particular development going on, in Casemates for example, the situation where somebody has purchased the unit on the basis of an agreement to lease, which document is technically a binding document attached to the agreement, and which both parties will



now have to renegotiate in the light of this. I think that it is unfair, Mr Speaker, I do not expect a snigger, and I have said this before, Mr Speaker, I am insulted by the Chief Minister's sniggering at me, because I am being paid to do a job and I expect to be heard. I think it is a problem that should be addressed and I think, the problem that has also been pointed to by the Honourable Mr Featherstone is also relevant. What happens in the case of a liquidation? You have a liquidation of a company that is a tenant of a property. It starts being wound up and before that property is effectively delivered back to the landlord, it can take a considerable period of time, the liquidation may take eight months, a year or a year and a half. Throughout that period of time the landlord will have to be footing the bill without receiving any rent, without receiving any other type of income from that property. That must be wrong surely. But that landlord would still have technically a tenant in possession, a tenant that is a company in liquidation. That must be wrong and surely there must be ways of protecting that situation. Another point that arises, is what happens if rates are not paid by a tenant? Does the Government then levy them against the landlord? What rights has the lessor or the landlord then have to throw that tenant out? Is it clear that for simply non-payment of rates, the landlord will be able to throw out a tenant swiftly? We are going back to the whole position on forfeiture which we were discussing under the Landlord and Tenant Ordinance this morning. A simple breach of a covenant in the lease whereby rates are not paid, I think, will still entitle a tenant to go to court for relief against forfeiture, even if the breach was six or nine months long. What is the position of the landlord in that situation? I think, it exposes him to a danger, can he get his tenant out quickly? Can a landlord effectively, even if he provides for it in his lease, say to a tenant, "out you go, I give you notice, simply because you have not paid rates"? Sir the most objectionable elements of the Bill have indeed been corrected as a result of representations made by various parties, to the Government. In fact they were made, not so long ago, it may have been an indication of how soon they get to know of Bills, it is not just when the Opposition gets the Bills but when the public at large gets the Bills. There are still various matters that we feel should be looked at and which we think are probably capable of remedy even assuming that the principle of a landlord being charged rates is accepted. I have gone over these and I do not want to repeat the points, but I would suggest that the matter, the points that we have raised be looked at by Government and safeguards introduced accordingly.

HON J C PEREZ:

Mr Speaker, even the previous Chief Minister, the Honourable Sir Joshua Hassan, who is a long-standing Member of the Bar, never always took seriously what the Bar Association had to say. Presumably the Honourable Member being a younger Member of the party takes these points more

seriously. The fact that the Bar Association said it, does not necessarily indicate that, politically, we are wrong in passing the Bill which is what he is basing all his arguments on and I would have ventured that the Honourable Member should have in fact declared an interest, because all the Bar Association was doing when it made those comments was defending the clients of the solicitors, that is what they were doing. I will not give way. I do not think the Honourable Member opposite has put any argument at all to defend a political position against the move that we are taking. They are all technical legalities here and there, but there is no philosophical or political argument saying, this should not be done because this is against the interests of the people of Gibraltar or because this infringes the rights of people in this way or the other. He is not doing that, he is just being rather petty in the issues that he is raising and frankly speaking..... No, Mr Speaker, not the Gibraltar Chronicle. If he cannot substantiate anything more solid than the views of the Bar Association, in this House, to defend his opposition to the Bill then he should not object to it with further legal arguments.

MR SPEAKER:

Are there any other contributors?

HON LT COL E M BRITTO:

Mr Speaker, I am sure you will be glad to hear that all I want to do is, in fact, commend the Government on the speed with which they have moved on the amendment circulated to us today, put forward by the Bar Association in a letter dated the 24th November. I would also like to commend them for having taken on board these suggestions made by the Bar Association. I would also like, Mr Speaker, to ask the Government to take into account that when we on this side of the House propose amendments or propose arguments or changes to Bills, which the Government brings forward, we are acting with the intention of improving the final Bill and improving the product for the people of Gibraltar. I do not know whether it is because there are only seven persons on this side of the House, who are not likely to vote for the Government in the next election, and there are certainly many more landlords and many more members of the Bar who would be persuaded to. I would however like to ask the Government to deal with our suggestions with the same interest and indeed alacrity with which they have acted to this letter and suggestions.

HON J E PILCHER:

Mr Speaker, it was not my intention to get involved in this particular Bill but I have been sitting patiently through a number of Bills and I think I have a point to make which is as a consequence of the contribution of the Honourable P C Montegriffo, who will never be a sergeant at this rate. Mr Speaker, Mr Montegriffo, the Honourable Member opposite, has the ability to get up for every single Bill and make point after point as if he was speaking to

a court of law. If he expects us, Mr Speaker, to take him seriously, then I think he has to concentrate more in looking at the political angle of the situation he has to defend in this House and try to convince us, the Government, with the amendments which he is trying to introduce and not, to a point, play to the gallery by looking at the legalities of a particular Bill. This is something which appertains to the Attorney General and not to the political side of the Government. Mr Speaker, we do take certainly very seriously our role as far as policy and it is true to a point, and I have been sitting here listening to what has been said in the last couple of Bills and the different legal implications of some of the things that we are doing. I think however that the Honourable Mr Montegriffo if he stops for a moment and thinks about the reasons why we have to do a particular thing and why there are so many difficulties or technicalities in implementing a particular law, what he has to realise is that we have to make, or we have to put the thing right. Obviously there are going to be complications, obviously there are going to be little old ladies, obviously there is going to be people who have signed leases and have contractual responsibilities, but it has to be done, Mr Speaker, because it is a question of putting things right and unless they are put right now, Mr Speaker, all that will happen is that all these problems that have been raised by the Bills discussed today, all the little old ladies, all the people who will have difficulties with income tax etc, are really in a minority. The majority of the people involved are playing within the rules and it is those circumventing the rules that have forced us to put things right so that the owners, the people of Gibraltar, are protected. Mr Speaker, that is the political responsibility of the Government, the legality is something which the Attorney General obviously looks after. We do have regular meetings with the Attorney General and there are certain legalities which have to be looked at and obviously the Attorney General looks at those before he comes to the House. However like in everything else there are different interpretations and different legal interpretations. I have had three different legal interpretations from three different lawyers over the past few days about one particular situation. So there are different interpretations. What the Honourable Mr Britto said, Mr Speaker, is incorrect on the one hand and correct on the other. I thank Mr Britto for realising the speed with which this Government is moving, that is precisely what we pride ourselves in, Mr Speaker, in the quickness and in the speed with which we are moving as a Government and is something which has never been done before in the last twenty years. The amendments which he has in front of him have nothing to do with the Bar Association. The Bar Association wrote to the Attorney General, the landlords approached the Government. The Bill, Mr Speaker, is a political Bill and implies the policy of the political Government. We changed our minds over this Bill and that was a political decision, although I must admit that the Bar Association wrote to the Attorney General and he has also been recommending certain things to us. But the amend-

ments are as a result of the landlords approaching the Government. It is not a question of not giving the merit where the merit is due. The Bar Association did also pick up certain points and that shows, Mr Speaker, that we do move with speed, we do move quickly, but we are not, certainly not an unscrupulous Government and I think I have got that right this time. We are, Mr Speaker, a Government that can be swayed by arguments and that can and will change its course if the arguments are solid arguments. Not, Mr Speaker, if what is clear is that there are certain elements trying to protect certain interests that have been there for many many years. Mr Speaker, this Government does not have any vested interests and will defend one vested interest, the interest of the people of Gibraltar. We have to put things right now and unfortunately because over the last twenty years there have been many many problems, those problems will start surfacing as we start to change our laws and undoubtedly we will find many teething problems, but it has to be done.

HON LT COL E M BRITTO:

Will the Minister give way? Mr Speaker, possibly because the Honourable Member was speaking to his colleagues on that side of the House, he did not quite understand what I was saying. The point is not whether the changes were made because of the letter of the Bar Association, or because of a representation of the landlords. The point that I was making was that it is the wish of members on this side of the House that the Government pay as much attention to our comments and our suggestions as they have done to this letter, to this approach, from the landlords and to act on with the same alacrity.

HON J E PILCHER:

Mr Speaker, I accept that, except that the arguments that have been used by the Honourable Mr Montegriffo today are in fact the arguments that were put by the Bar Association in their letter and which were also put to us by the landlords and which have been taken into account. I can assure the Members opposite that if they raise valid points they will be taken into account. The only thing I dare say, Mr Speaker, is not our arrogance, as I think the Honourable Mr Montegriffo said earlier on, I am not sure if it was before or after the sniggering, but the fact is that we do move with speed but we also take into account all the possibilities and we look at all the different interpretations, with the legal advice of our advisers, officials and people in the knowhow. Therefore when we bring a Bill to the House there are very few occasions when the Opposition can raise some points that have not already been taken into account by us. However if they do raise new points are logical and make sense, they will be taken on board, Mr Speaker, like we have taken on board the point made by the Hon Mr Featherstone a moment ago. Thank you Mr Speaker.

HON A J CANEPA:

Mr Speaker, during the years that I have been a Member of this House, I have invariably found that on complex legislation, in particular, those Members of the House who have belonged to the legal profession, have tended to make quite a valid contribution and other Members have listened to their contributions carefully, not that they were always right or not that they were necessarily the most intelligent people, but there are notable instances over the years of very useful contributions being made by people like Peter Isola, Brian Percz, they both come to mind. I think it is unnecessary for the Honourable Mr Pilcher to have to go to the columns of *calentita* in order to bring what some people may think is an original remark. I think that the Honourable Member on my right, Mr Peter Montegriffo, is not just going to be a sergeant, Mr Montegriffo is going to go much further, Mr Montegriffo is going to sit on that side of the House before he is through with politics and only time will tell not only on that side of the House, but probably in the centre of that side of the House. Honourable Members opposite know this and that is why they are making a beeline for him and are attacking him very very hard here in the House and in the columns of their party newspaper. What Mr Montegriffo does is that he studies the legislation carefully and he makes a sincere attempt to put a point across, whether he impresses Members opposite or not is a matter for them, but I can tell Honourable Members opposite who were not here at the time that during twelve years from 1972 to 1984, I used to hear in this Chamber an Honourable Member get up and speak on every single Bill that came up before the House, 90% of the time he did not know what he was talking about and he used to do that in order to get as much coverage in the press and on television as possible because of course he did not live in Gibraltar and he so impressed, over those twelve years, the Honourable Mr Bossano that he is set on making him Speaker of this House.

MR SPEAKER:

No, that is completely and utterly irrelevant. Any other contributors?

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

The Hon J L Baldachino  
The Hon J Bossano  
The Hon M A Feetham  
The Hon R Mor  
The Hon J L Moss  
The Hon Miss M I montegriffo  
The Hon J C Perez  
The Hon J E Pilcher  
The Hon E Thislethwaite  
The Hon B Traynor

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE GAMING TAX AMENDMENT ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I should explain Mr Speaker, that the purpose of the proposed amendment is simply to increase the bingo tax from 2p to 3p. Bingo cards were first taxed in 1975 at the rate of 1p per card and was increased in March 1980 to 2p which is the present level. In order to keep face simply with inflation an increase of 50% is felt to be quite reasonable. This is the purpose of the Bill before the House and it is estimated that the revenue yield as a result of the increase will be about £60,000 per year. The amendment will not actually come into effect until later in the year when stocks of new bingo cards with the 3p stamp printed on the back are received. These are of course specially printed because of the security marking required. As is usual in these cases those persons holding stocks of the existing 2p cards when the amendment comes into effect will be reimbursed the duty on the surrender of the old cards. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker we support the Bill.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SAVINGS BANK (AMENDMENT) ORDINANCE 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Savings Bank Ordinance be read a first time. Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the Post Office Savings Bank has traditionally catered only for the small investor and has traditionally offered a relatively low rate of interest, with limited tax exemptions, and the facilities and design of the Savings Bank have in fact remained virtually unchanged since its foundation. The Government has now decided that the facilities offered by the Savings Bank should be expanded and that the range of deposits accepted and indeed the various savings instruments which are made available should be brought more in line with those which are, for example, available in the United Kingdom. The amending Bill now before the House seeks to provide the necessary statutory powers to enable these extra facilities and these instruments of saving to be made available to the public. Very briefly the changes involved are the power to vary interest rates at reasonably short notice in consonance with changes in market rates and which is an essential ingredient in any modern savings system. Accordingly it is proposed to remove the present requirement to obtain the approval of the Secretary of State before any change in the interest rate can be effected. In any event the requirement to seek the approval of the Secretary of State can be regarded almost as anachronistic and colonialistic a feature as the office of the Financial and Development Secretary. The other main change is, of course, the structure of the Savings Bank Fund. It is proposed to offer higher interest bearing deposits to distinguish between, as the Bill does, an ordinary deposit which while the interest may be higher than the rate of interest at present available on ordinary deposits, would of course be lower than the interest rates available on other instruments, for example Income Bonds, Deposit Bonds,

Capital Bonds. I am not actually announcing the introduction of such instruments now, but merely explaining that the provisions of the Bill will enable the Government to introduce these. I should of course add that although there will be other instruments of savings available, this in no way alters the status and the Government's guarantee behind such instruments. The main distinction will be two-fold. First of all, accessibility at short notice, it is normal to give longer periods of notice before withdrawals, for example, from a higher interest bearing deposit and the second feature will be the amount on deposit. Again if one is only depositing a small sum in the Savings Bank, one would not expect to get as high a rate of interest as if one were depositing a much larger sum, so those are the two circumstances in which one would expect a higher rate of interest for an investment bond. The additional facilities will, of course, be the subject of individual Regulations and the opportunity has been taken here to provide for the determination by Regulations of matters which are now contained in the principal Ordinance. I think Mr Speaker, that I have covered the main points of the Bill and I therefore commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, in principle we have no difficulty with this Bill, which really opens up possibilities for the Savings Bank and which we understand is part of the general policy of attracting investment to Gibraltar. We are not aware of what incentives will be provided to induce investors to place their money in the Savings Bank. Although I would assume that we will have to introduce something to rival deposits presently being made, eg, in Building Societies. It will have to include tax incentives to make this type of saving a credible alternative but this will be seen in due course when we get further details eventually. One matter which we have noted has been introduced in this Bill and which raises one of the points that obviously would have been taken up by us, is the provision of Section 13(2)(b), as Clause 10 and which introduces the 10% margin which has to exist between assets and liabilities. The question that arises, and I would be grateful if it could be clarified is that the present margin in the Ordinance is 15% and on what basis has this been changed and why there should be a difference in the present situation. My final point, Sir, is that I notice from the proposed Section 8 of the Bill itself, that there is provision also in the new law for advances to the Consolidated Fund from the various Investment Accounts. I assume, Mr Speaker, that that provision is technical in that it would not really be the policy of the Government to top up the Consolidated Fund from the Investment Accounts as opposed to, for example, putting such funds into the Gibraltar Investment Fund. I am not sure, Mr Speaker, whether therefore the

inclusion of the Consolidated Fund as a possible destination for the funds is in fact there because it is intended to be used or rather as a possibility which it will not be Government policy, at present, to actually call upon. Those are the matters that we would like some clarification before being able to support the Bill fully.

HON CHIEF MINISTER:

Mr Speaker, the purpose of the Bill is to bring the Ordinance up to date and make it possible for the Government to operate the Savings Bank more in line with what other Savings Bank of this nature, with the same kind of history, are doing elsewhere in the world. In particular we are looking at the model of National Savings in the United Kingdom as a source of inspiration, shall we say, for the possible types of accounts, and I think this is why the Financial and Development Secretary was making reference to things like Income Bonds and Deposit Bonds which we have been looking at in the United Kingdom. As regards the specific points which the Honourable Member opposite has made, I do not know why there is 15% in the present Ordinance, except that it must be there because somebody put it there initially. The reason why we are introducing an amendment to change it to 10% is because we have had to consult Her Majesty's Government on the Ordinance, because in fact the existing Ordinance, as the Honourable Financial and Development Secretary pointed out, does give powers to the Secretary of State to virtually determine the policy of the Bank. As we are, with their agreement, removing those powers and therefore devolving them on to the Gibraltar Government, they have asked us to introduce this 10% margin which is less than the 15% although both the 15% and the 10% is anachronistic because at the end of the day what you must make sure is that your liabilities match your assets. Effectively what you are saying is that you must retain a 10% profit margin within the Savings Bank which you cannot use. At the moment it is 15%. In a way when you are talking about a percentage margin of this nature, the reason why we have the additional part in that amendment that the Governor may decide from time to time a different percentage, is that of course if what you are giving yourself is a safety margin so that you can meet, it necessary, a sudden call of funds, then normally the bigger the deposit base you have got the lower the margin that you can operate with. If 15% is OK now for something like £2½m, then I would imagine that if we had £20m certainly we would not need 15% of £20m as a reserve to fall back on. So essentially the British Government is happy to see it coming down at this stage to 10% and is happy to see it reviewed in the future depending on the progress that the Bank makes in growth. As regards the other point about the policy of the Government to use monies in the Savings Bank to make advances to the Consolidated Fund or the Improvement and Development Fund or the Gibraltar Investment Fund, what we have done is to introduce the discretionary powers to be able to do this, should it be considered desirable at any point in time, but certainly it would not be the policy

of the Government to do it. But in fact, currently, the Bank makes advances to the Consolidated Fund. If the Honourable Member looks into the audited accounts, for the last year of the previous administration, he will find there that there were uninvested funds in the Savings Bank which were on loan to the Consolidated Fund, so in a way what is new in this Ordinance is not the point that he has made, about advancing money to the Consolidated Fund, but advancing money to the Improvement and Development Fund and to the Gibraltar Investment Fund. Certainly it would be our view, consistent with what we have said about not borrowing for Recurrent Expenditure, to use any money that is a result of borrowing for Capital Expenditure rather than Recurrent. I can confirm that that will be the policy. The purpose of the Ordinance obviously is to produce an opportunity for the Savings Bank to obtain some share in what is clearly a fast growing savings market in Gibraltar. If we look at the Building Societies, for example, whereas the Savings Bank has been virtually stagnant, the Building Societies' deposits have been growing quite dramatically. In the last couple of years while the Building Societies have grown by 100%, the Savings Bank has grown by something like 15%. We are convinced ourselves that given competitive and attractive rates of interest, people would feel happier with the Savings Bank because as the Financial and Development Secretary has mentioned, it is in fact a Government Bank and the Savings Bank Ordinance guarantees that the Government will meet the deposits and the interest should the Savings Bank ever be in trouble. So this would really be a Gilt-Edged Investment. In the United Kingdom, National Savings are treated no differently from the rest of the money raised to meet the Public Sector Borrowing requirements by the Government, except that in current circumstances they actually have a Public Sector Repayment policy, rather than a Borrowing policy. What we see is an opportunity to expand the Savings Bank to provide a secure home for investment, particularly for small savers, with better opportunities for earning interest than the one we have got today which is just 5% and at the same time with a source of revenue for the Government that will be running the Savings Bank profitably and with an access to funds for Government projects. We can see that it meets a number of important and desirable features in the economic and fiscal programme of the Government and we welcome the fact that the Opposition see it like that too and will be supporting it.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken today.

This was agreed to.

The House recessed at 5.10 pm.

The House resumed at 5.30 pm.

COMMITTEE STAGE

HON ATTORNEY GENERAL:

I have the honour to move that the House resolve itself into Committee to consider the following Bills clause by clause: The Drug Trafficking Offences Bill, 1988; the Administration of Justice (Miscellaneous Provisions) Bill, 1988; the Charging Orders Bill 1988; the Fast Launches (Control)(Amendment) Bill, 1988; the Insurance (Motor Vehicles) (Third Party Risks) (Amendment) Bill, 1988; the Supplementary Appropriation (1984/85) Bill, 1988; the Supplementary Appropriation (1985/86) Bill, 1988; the Supplementary Appropriation (1988/89) (No.2) Bill, 1988; the Trade Licensing (Amendment) Bill, 1988; the Traffic (Amendment) (No.2) Bill, 1988; the Gaming Tax (Amendment) bill, 1988; and the Savings Bank (Amendment) Bill, 1988.

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

THE DRUG TRAFFICKING OFFENCES BILL, 1988

Clauses 1 to 30 were agreed to and stood part of the Bill.

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

THE ADMINISTRATION OF JUSTICE (MISCELLANEOUS PROVISIONS) BILL, 1988

Clauses 1 to 5 were agreed to and stood part of the Bill.

HON ATTORNEY GENERAL:

Mr Speaker, I would like to move that this Bill be amended by the addition of the following new section:

6A. The Supreme Court Ordinance is further amended by inserting after section 36 the following new section -

"Fees to 36A. Without prejudice to the provisions be taken of sections 37 and 38, the Chief Justice in the has, and is deemed always to have had, the Supreme power by rules to prescribe, vary or abolish Court the fees to be taken in the Supreme Court."

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

Clause 9

HON ATTORNEY GENERAL:

I would like to move that this Bill be amended as follows:

Amend the clause by omitting the words "after section 10 the following section" and substituting therefor the following -

"in their appropriate numerical positions the following new sections, namely -

"fees to 8A. The President has, and is deemed always be taken to have had, the power by rules to prescribe, in Court vary or abolish the fees to be taken in the of Appeal Court of Appeal."

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and Clause 9, as amended, stood part of the Bill.

New Clause 10

HON ATTORNEY GENERAL:

I would like to move that the Bill be amended by a New Clause 10 to read as follows:

10. The Court of Appeal Ordinance is further amended as follows -

(a) in section 9 by deleting from subsection (1) (b) the words -

"or on any ground which appears to the Court of Appeal to be a sufficient ground of appeal; and"

and substituting

"or with the leave of the Court of Appeal on any other ground which appears to that court to be a sufficient ground of appeal; and";

(b) in section 11 -

(i) in subsection (1), by deleting the words "or of application for leave to appeal, as the case may be,";

(ii) by deleting subsection (2) and substituting the following -

"(2) where an appeal lies only with leave or on a certificate that the case is a fit case for appeal, it shall not be necessary to obtain such leave or certificate before giving notice of appeal,";

(c) in section 12 by deleting the words "or of application for leave to appeal" from sub-section (1);



- (d) in section 13 by deleting the words "or of an application for leave to appeal".

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and the New Clause 10 was agreed to and stood part of the Bill.

New Clause 11

HON ATTORNEY GENERAL:

I would like to move that the Bill be amended by the addition of a New Clause 11 to read as follows:

11. The Court of First Instance Ordinance is amended -

- (a) by repealing paragraph (f) of section 55, and  
(b) by inserting after section 55 the following new section -

"Fees to be taken in the court 55A. The Chief Justice, has and is deemed always to have had, the power by rules to prescribe, vary or abolish the fees to be taken in the court."

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and the new Clause 11 was agreed to and stood part of the Bill.

New Clause 12

HON ATTORNEY GENERAL:

I would like to move that the Bill be amended by the addition of a new Clause 12 to read as follows:

12. (1) The Coroner Ordinance is amended by inserting after section 21 the following new section -

"Payment in respect of jury service 21A. The Chief Justice may make rules to provide for payment of compensation for loss of earnings suffered by a person in consequence of his attendance as a juror at an inquest".

- (2) The said Ordinance is further amended by inserting after section 25 the following new section -

"Fees 26. The Chief Justice has, and is deemed always to have had, the power by rules to prescribe, vary or abolish the fees to be taken by the Coroner for copies of any documents put in evidence at an inquest and for the certification of any such copy as a true copy of the original".

Mr Speaker put the question in the terms of the above amendment which was resolved in the affirmative and the new Clause 12 was agreed to and stood part of the Bill.

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

THE CHARGING ORDERS ORDINANCE, 1988

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

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

THE FAST LAUNCHES (CONTROL) (AMENDMENT) ORDINANCE, 1988

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

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

THE INSURANCE (MOTOR VEHICLES) (THIRD PARTY RISKS) ORDINANCE, 1988

Clauses 1 to 6 were agreed to and stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1984-85) ORDINANCE, 1988

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

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

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

THE SUPPLEMENTARY APPROPRIATION (1985-86) ORDINANCE, 1988

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

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

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

THE SUPPLEMENTARY APPROPRIATION (1988-89) (NO.2) ORDINANCE, 1988

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like to move that in Clause 2 subclause (1) the expression "£453,000" should be deleted and the expression "£1,453,800" should be substituted therefor.

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and Clause 2, as amended, stood part of the Bill.

Clause 3

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like to move that in Clause 3 subclause (1) the expression "£1,758,400" should be deleted and the expression "£3,843,400" should be substituted therefor.

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

HEAD 4 - EDUCATION

HON A J CANEPA:

Mr Chairman, could I have details from the Honourable the Minister for Education of what equipment is involved in this £2,000 for community use?

HON J L MOSS:

This is quite simply the fact that due to community use, there will be obviously more wear and tear of equipment which is available in the schools. We thought we would have to make extra provision for this.

HON A J CANEPA:

Specific provision or is it general, of having £2,000 in case they are needed? Or is it for some specific item.

HON J L MOSS:

Mr Chairman, it is not really for specific items. We are talking about stuff like basketball rings, tennis nets, etc. You cannot really predict what they will be, exactly, but we thought we had to make provision for this. There is a list which has been produced by the Department and which I can make available to the Honourable the Leader of the Opposition if he so wishes.

HON A J CANEPA:

Mr Chairman, we seem to be voting funds in anticipation. Presumably the earliest date on which this community use can be set in motion I imagine is in the new year. There is only three or four months left of this present financial year.

HON J L MOSS:

Mr Chairman, no, community use of the schools has already, in fact, commenced and there were certain items which the school already had in very poor shape which we felt had to be replaced.

Head 4 - Education was agreed to.

Head 5 - Electricity Undertaking was agreed to.

Head 6 - Environmental Health was agreed to.

Head 9 - General Division was agreed to.

Head 11 - House of Assembly was agreed to.

Head 23 - Tourism was agreed to.

Head 25 - Treasury

HON A J CANEPA:

Before we come to a new sub item could we not have some details on 28N Representation Overseas. How this estimate has been arrived at?

HON J BOSSANO:

The one element that we know for certain we have to meet is the one that I mentioned during Budget time and which was the payment to Mr Simonis. This was as a result of Mr Simonis's different role from that of Chairman of GSL. As I mentioned in the earlier part of the House, the opening of the Washington Office and the cost of that office plus the fee to Mr Stiglietz is currently under negotiation and therefore the figure that we have included is a figure which we consider to be a reasonable one given that we may have to make payments and that there is at present no vote from which payments can be made. It may well be that the actual cost from now till the end of the Financial Year may not come to as much as that or it may come to more than that. We are not sure, but basically we have to put a token figure in order to create a Subhead from which payment could be made. The Estimates for the next Financial Year will show a sum of money available to the Gibraltar Information Bureau from which the Bureau will have to make payments. Our thinking at the moment of how best the Bureau should be established, subject to any changes that might take place, is that the most recent advice we have received indicate that it will have to be as a Company, as a Limited Company owned by the Government, in order to maintain the overseas representation that the Government requires.

HON M K FEATHERSTONE:

Head 25 - Item 56. Which are the flats that are being refurbished?

HON MISS M I MONTEGRIFFO:

Mr Chairman, these are the nurses flats some of which have been found to be in a poor state.

HON M K FEATHERSTONE:

What are known as the Sisters' Quarters.

HON MISS M I MONTEGRIFFO:

Yes that is right. We felt that we should spend the money because it was more profitable for the Government to use them than have to house them in private accommodation.

HON M K FEATHERSTONE:

It is a considerable amount of money but we accept the explanation. Under Minor Maintenance does this include the eradication of cockroaches from Napier Ward?

HON MISS M I MONTEGRIFFO:

No, Mr Chairman, this does not.

HON M K FEATHERSTONE:

How is it being dealt with?

HON MISS M I MONTEGRIFFO:

That is being dealt by the Environmental Health, Mr Chairman.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like to propose a new Subhead 58 - Contribution to the Social Assistance Fund of flm.

HON A J CANEPA:

It is often said that it is very difficult to get fl,000 through the House but you can get flm quite easily. We are informed of the reasons behind this.

The New Subhead 58 was agreed to.

Head 25 - Treasury as amended was agreed to.

The Schedule - Part I

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like to move that Part I of the Schedule should be amended by deleting the figures "322,100" where they appear against Head 25 Treasury and "453,000" where they appear as the total, and substituting therefor the figures "1,322,000" and "1,453,000" respectively.

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and the Schedule - Part I, as amended, stood part of the Bill.

Part 2 - Improvement and Development Fund

Head 101 - Housing

HON LT COL E M BRITTO:

Mr Chairman, can we have some details of the f2m?

HON J L BALDACHINO:

We have decided to add another flm to Head 101 - Housing so that we do not find ourselves without sufficient funds and due to the lack of funds we will not be able to proceed with our housing programme.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Before we leave Housing, I would like to propose a New Subhead 8 in connection with the refurbishment of Government Housing. It is proposed to provide a sum of f85,000 in connection with the refurbishment of ten units at 2 Richardson's Passage.

The New Subhead 8 was agreed to.

Head 101 - Housing was agreed to.

Head 103 - Tourist Development Projects

HON P C MONTEGRIFFO:

Mr Chairman, I assume they are simply plans that have already been announced there is nothing new.

HON J E PILCHER:

Yes, Mr Chairman.

Head 103 - Tourist Development Projects was agreed to.

Head 104 - Miscellaneous Projects

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I do not have an amendment as such, it is more like a reorganisation of expenditure to propose here. As the House will see at the end of this particular Head is Subhead 32 which is described as Training Facilities - f75,000: Installation of facilities within the dockyard. This is something of a misnomer and the sum should be included under Subhead 4 - Government Offices. It will be the same figure of f75,000 Re-allocation of Government Offices.

HON P C MONTEGRIFFO:

Sir, perhaps we could have some explanation on what is being talked about. Is it the refurbishment of existing premises or buildings or something new which will form part of the reorganisation of Government accommodation. What is it specifically for?

HON J E PILCHER:

Mr Chairman, the training facilities were in fact provided in Stone Block No.1, which is slowly being emptied by GSL as part of its restructuring. The training facilities at the Construction Training Centre have been moved from the Landport Ditch area to GSL and this has released the Landport Ditch area. The cost of re-allocating these training facilities has been £75,000.

HON P C MONTEGRIFFO:

Mr Chairman, so it is simply the cost of the move and refurbishment.....

HON J E PILCHER:

No, it is not only the cost of the move, it is the cost of refurbishing the area so that it can now be used for training purposes. Before it was just an empty block. We have now partitioned it to allow for the different trades and we have also installed the equipment necessary to provide training facilities.

HON P C MONTEGRIFFO:

Mr Chairman, is it not a misnomer then to describe this as Office Accommodation?

HON CHIEF MINISTER:

The position is that we have moved the people from the Construction Training Centre previously at Landport Ditch to what was previously the GSL Training Centre in the Commercial Dockyard. The facilities created in the GSL Training Centre are capable of housing other activities than what is now there and what is now there may not stay there permanently, depending on what the future development of the Training and Employment Board is. Their permanent purpose is offices for Government. At the moment they are being used by the Training Centre but in the long term they may not be and therefore we thought it was misleading to give the impression that it was just for training and nothing else.

HON A J CANEPA:

Mr Chairman, I have two questions on this Head. Subhead 31 or Item 31 - Orange Bastion and Smith Dorrien Bridge repairs. Are these repairs that have been identified recently or are they long standing? Because I do not recall any mention being made by my previous colleague, the then Minister for Public Works, that these bridges required repairs.

HON J C PEREZ:

The Department tells me that they are long standing and that they were rejected on two occasions and they have urged me to.....

HON A J CANEPA:

By whom, the Minister?

HON J C PEREZ:

By yourselves or by the Financial and Development Secretary. I do not know. They have been rejected on two occasions. That is the information that has been given to me. They have said that given the amount of traffic on Line Wall Road they required repairing. The most dangerous one is in fact the one at Orange Bastion. Urgent repairs are needed and we have put in two this year. We may have to put more in the next year. I certainly was not aware that there were so many bridges in Gibraltar but it appears that under our roads there are several bridges and tunnels which need to be refurbished every so often.

HON A J CANEPA:

The other question, Sir, is in respect of the Item on Traffic Lights which we welcome. The then Minister for Traffic, my colleague Mr Featherstone, was working on a programme which involved the installation of Traffic Lights at a number of junctions. This is one of them and we wholeheartedly support this. I wonder whether the Minister could give some indication as to whether in next year's Estimates we might see provision being made for the junction at the bottom of Europa Road by the Queen's Cinema, which certainly requires the installation of traffic lights. What happens at this junction is that traffic coming from Rosia, round the Queen's Cinema, always has priority to traffic coming down Europa Road. There is a similar problem at the roundabout, at Casemates, where the traffic coming out of the Varyl Begg Estate and Waterport have priority at this junction to traffic coming along Queensway and heading north.

HON J C PEREZ:

Mr Chairman, these are two areas which we shall consider, but I think the Honourable Member should be aware that there is presently an overall study taking place of the whole of the traffic flow. There are some proposals being looked at to change the traffic flow and that will involve certain road works taking place including changes to bus stops and the flow of buses. Once we have a general picture of what it is going to look like, and I do not think those two areas are affected, we will have a clearer picture of what is required. Another thing of course is that the Traffic Committee no longer exists and everything now goes to the Traffic Commission. There are ex-officio Members of the Traffic Commission who used to compose the Traffic

Committee. Now everything has to pass through the Traffic Commission which meets regularly at least once a month and things seem to be going much smoother than what they were before because of this and I hope that substantial progress on traffic matters will be made. I am expecting to be in a position to give a comprehensive statement on traffic for the future as well as on parking by the middle of next year but not sooner. In any case when looking at the Estimates we will certainly look at the points raised by the Honourable Member.

HON M K FEATHERSTONE:

Are the works at the top of Casemates Hill actually the installation of the traffic lights now?

HON J C PEREZ:

No, the works at the top of Casemates are as a result of resurfacing the road between Casemates Hill and Smith Dorrien Bridge. Half the road is closed at the moment whilst half of the road is being resurfaced. Once this side is done the other half will be resurfaced.

HON M K FEATHERSTONE:

Do you think you will spend the £13,000 this year?

HON J C PEREZ:

I have been advised by my department that this amount was needed in this Financial Year and that the lights would be placed to coincide with the opening of the multi-storey car park which is expected to be opened before April.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services

HON K B ANTHONY:

Mr Speaker, the refurbishment of the Refuse Incinerator, is this intend to be a long term solution to our problem or are we going to get a new incinerator sometime in the future?

HON J C PEREZ:

Mr Chairman, that question was already answered at Question Time. We are looking at various options but we have not yet taken any decisions. Once a decision is taken we will inform the Honourable Member. The £300,000 included in this Subhead was deleted from the draft estimates because we wanted to see whether there was another way in which we could deal with the matter rather than spend the money in the knowledge that the Incinerator was not in a very good state. We did not want to spend this money in case, as a result of the poor state of the Incinerator, it was going to be wasted. However two surveys have been carried

out, at a cost of about £4,000, to see whether the cost of £300,000 could be brought down considerably given that what we wanted was really temporary repairs, an intermediary thing, not a permanent solution. The results have shown that it is required that we spend £300,000 to extend the life of the Incinerator by eighteen months to two years. This does not mean that there are not going to be breakdowns. Breakdowns may occur even if we spend this money. These repairs are scheduled to take place at the beginning of the year and the estimated cost is £300,000. The department tells me that it is possible to bring down the cost somewhat, but we have not been able to get very precise figures, so the £300,000 is an estimated cost.

HON K B ANTHONY:

Thank you Mr Chairman. If the repairs are started at the beginning of the year, have you any idea of how long it will take because obviously rubbish disposal is a major problem in our community.

HON J C PEREZ:

It is expected to take about five to six weeks. During that time we expect to dispose of rubbish in the same way as we dispose of it when the Incinerator breaks down and we have informed Green Peace about this, so they are aware of it.

Head 105 - General Services was agreed to.

Head 107 - Telephone Service was agreed to.

Head 109 - Electricity Service

HON K B ANTHONY:

Mr Chairman, the three turbo charges are they for Sets one, two and three?

HON J C PEREZ:

No, Mr Chairman, they are not three turbo charges. It is the payment based over the years.

HON K B ANTHONY:

Are they for these sets?

HON J C PEREZ:

No, Set 3, which is being installed at the moment has these turbo charges fitted. It is presumed that the turbo charges will improve the performance of the machine and will reduce the amount of fuel used. Since Hawker Siddeley has a certain responsibility, because engine 2 is still under guarantee, they were prepared to meet part of the cost for bringing in turbo charges and fitting them to Engines 1 and 2 and we have got a programme over three years where the contribution of the Government will be

£150,000 and the contribution of Hawker Siddeley will be £100,000. They are committed to providing for Engine No.2 because it is under guarantee, but not for Engine No.1 and we have worked out a formula which phases in the cost over three years and we get the turbo charges for both engines.

HON K B ANTHONY:

Thank you very much Mr Speaker. No doubt we look forward to a reduction in electricity charges next year. Will the turbo charges be fitted in the very near future?

HON J C PEREZ:

Mr Chairman, the turbo charges will be fitted by Hawker Siddeley once they finish Engine No.3 and they are available in Gibraltar. I have not got a programme of work. As to the other comments made by the Honourable Member that we would have cheaper electricity, if the reduction in fuel is significant it will be reflected in the Fuel Cost Adjustment Formula and yes, we will have cheaper electricity.

Head 109 - Electricity Service was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have an addition to Part Two of the Schedule to propose in the form of a new Item, Head 110 - Crown Lands. If I may explain the purpose of the additional provision. Subhead 4 for which there is already £m provided in respect of Land Reclamation and it is now proposed to seek additional funds, an additional £2m, making a total provision of £3m for the year. As far as this particular Bill is concerned it will be £2m.

Head 110 - Crown Lands was agreed to.

The Schedule - Part II

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like to move that Part II of the Schedule should be amended by deleting the figures "1,072,000" where they appear against Head 101 Housing and substituting therefor the figures "1,157,000", by adding to the end of the "Head" column the expression "110 Crown Lands" and opposite that expression in the "Amount" column the figures "2,000,000", and by deleting the figures "1,758,400" where they appear as the total and substituting therefor the figures "3,843,400".

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and the Schedule - Part II, as amended, stood part of the Bill.

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

THE TRADE LICENSING (AMENDMENT) ORDINANCE, 1988

Clauses 1 to 8 were agreed to and stood part of the Bill.

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

THE TRAFFIC (AMENDMENT) (NO.2) ORDINANCE, 1988

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

New Clause 5

HON ATTORNEY GENERAL:

I would like to move that a new Clause 5 should be added to the Bill as follows:

5. Section 96A(1) is amended by repealing the word 'registered' in the first place where it appears.

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and the new Clause 5 stood part of the Bill.

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

THE GAMING TAX (AMENDMENT) ORDINANCE, 1988

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

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

THE SAVINGS BANK (AMENDMENT) ORDINANCE, 1988

Clauses 1 to 5 were agreed to and stood part of the Bill.

Clause 6

HON ATTORNEY GENERAL:

Mr Chairman, there should be a slight amendment to this Clause. It is a printer's error. It is the new Section 9A(2)(a) on page 306 and which reads "the balance of that account at any time or over any period or the aggregate balance of the account and the depositor's other accounts of the same description". Not of the description but of the same description.

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

Clause 7

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I would like to move that in Clause 7(b) the new subsection (1) of section 11 should be amended by the deletion of the words "as shall determine" and substituted



by the words "as shall be approved from time to time by the Governor".

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and Clause 7(b), as amended, stood part of the Bill.

Clause 8

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I would like to move that in Clause 8 the new section 11C(b) should be amended by the deletion of the words "as he shall determine" and substituted by the words "as shall be approved from time to time by the Governor".

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and Clause 8, as amended, stood part of the Bill.

Clause 9 was agreed to and stood part of the Bill.

Clause 10

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I would like to move that in Clause 10 the new section 13(2)(b) should be amended by the addition at the end thereof the following words.

"provided that no such payment shall be made unless the assets of the Savings Bank will thereafter exceed the liabilities by not less than 10% of the liabilities to depositors or such other percentage as the Governor may decide from time to time".

Mr Chairman put the question in the terms of the above amendment which was resolved in the affirmative and stood part of the Bill.

Clause 11 was agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY GENERAL:

Mr Speaker, I have the honour to report that the Drug Trafficking Offences Bill, 1988; the Administration of Justice (Miscellaneous Provisions) Bill, 1988, with amendments; the Charging Orders Bill, 1988; the Fast Launches (Control) (Amendment) Bill, 1988; the Insurance (Motor Vehicles) (Third Party Risks) (Amendment) Bill, 1988; the Supplementary Appropriation (1984-85) Bill, 1988; the Supplementary Appropriation (1985-86) Bill, 1988; the Supplementary Appropriation (1988-89) (No.2) Bill, 1988, with amendments; the Trade Licensing (Amendment) Bill, 1988; the Traffic (Amendment) (No.2) Bill, 1988,

with amendments, the Gaming Tax (Amendment) Bill, 1988; and the Savings Bank (Amendment) Bill, 1988, with amendments, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker put the question and on a vote being taken on the Drug Trafficking Offences Bill, 1988; the Administration of Justice (Miscellaneous Provisions) Bill, 1988, with amendments; the Charging Orders Bill, 1988; the Fast Launches (Control) (Amendment) Bill, 1988; the Insurance (Motor Vehicles) (Third Party Risks) (Amendment) Bill, 1988; the Supplementary Appropriation (1984-85) Bill, 1988; the Supplementary Appropriation (1985-86) Bill, 1988; the Supplementary Appropriation (1988-89) (No.2) Bill, 1988, with amendments; the Trade Licensing (Amendment) Bill, 1988; the Traffic (Amendment) Bill, 1988, with amendments; the Gaming Tax (Amendment) Bill, 1988; and the Savings Bank (Amendment) Bill, 1988, with amendments, the question was resolved in the affirmative.

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I now have the honour to move that this House should adjourn to Tuesday 6th December, 1988 at 10.30 am.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Tuesday the 6th December, 1988 at 10.30 am.

The adjournment of the House to Tuesday the 6th December, 1988 at 10.30 am was taken at 7.15 pm on Tuesday the 29th November, 1988.

TUESDAY THE 6TH DECEMBER, 1988

The House resumed at 10.40 am.

PRESENT:

Mr Speaker . . . . . (In the Chair)  
(The Hon Sir Alfred J Vasquez CBE, QC, MA)

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for GSL and Tourism  
The Hon J L Baldachino - Minister for Housing  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon Miss M I Montegriffo - Minister for Medical Services  
and Sport  
The Hon R Mor - Minister for Labour and Social Security  
The Hon J L Moss - Minister for Education, Culture and  
Youth Affairs

The Hon E Thistlethwaite QC - Attorney General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition  
The Hon P C Montegriffo  
The Hon M K Featherstone OBE  
The Hon Dr R G Valarino  
The Hon G Mascarenhas  
The Hon Lt-Col E M Britto OBE, ED  
The Hon K B Anthony

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

COMMITTEE STAGE

HON ATTORNEY GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause. The Landlord and Tenant (Amendment) Bill, 1988; the Income Tax (Amendment) (No.2) Bill, 1983; and the Public Health (Amendment) (No.2) Bill, 1988.

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

THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE, 1988

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

Clause 2

HON A J CANEPA:

With regard to Clause 2 there has been no reaction from the Government benches to the points that we made during the Second Reading of the Bill. If the Government does not propose to react to any of the arguments that we put forward during the Second Reading of the Bill, then on Clause 2, we will abstain, we are not supporting it as it stands. I want to make that clear.

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

The Hon J L Baldachino  
The Hon J Bossano  
The Hon M A Feetham  
The Hon R Mor  
The Hon J L Moss  
The Hon Miss M I Montegriffo

The Hon J C Perez  
The Hon J E Pilcher  
The Hon E Thistlethwaite  
The Hon B Traynor

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

Clause 2 stood part of the Bill.

New Clause 3

HON ATTORNEY GENERAL:

I would like to move that the Bill be amended by the addition of the following new Clause:

"3. The Landlord and Tenant Ordinance is further amended by inserting after section 79 the following new section:-

79A. It shall be a condition of every tenancy that the tenant shall, if so requested in writing by the landlord, deliver to the landlord within 15 days of such request or other greater period specified by the landlord a copy of the demand note addressed to the tenant by the Financial and Development Secretary pursuant to section 276 of the Public Health Ordinance and of the receipt or some other sufficient evidence of payment of the amount due and payable by the tenant".

Mr Chairman proposed the question on the terms of the above amendment.

HON P C MONTEGRIFFO:

Mr Chairman, let me say that although the introduction of notice itself is obviously welcome and since we have taken the line of abstaining on Clause 2, it would not be logically consistent to support this further amendment because we feel that greater thought to the whole matter should have been given. So we will be abstaining on this amendment as well.

HON CHIEF MINISTER:

Mr Chairman, with respect to the Hon Member opposite this has nothing to do with Clause 2. Clause 2 is about the forfeiture of leases where the person having the lease fails to comply with the conditions and this Clause is

in order to allow landlords to satisfy themselves that their tenants are paying the rates which we are introducing under the Public Health Ordinance and it has nothing at all to do with Clause 2.

HON P C MONTEGRIFFO:

I thank the Chief Minister for that. The point is that since we are opposing the Public Health (Amendment) Bill as well, and in order to have a logical stand, for consistencies sake we cannot really vote for this subsection.

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

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

New Clause 3 stood part of the Bill.

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

THE INCOME TAX (AMENDMENT) ORDINANCE, 1988

Clause 1

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that Clause 1 be amended by deleting the words "and shall be deemed to have come into operation on 1st October 1988". As I explained in the Second Reading speech, Mr Chairman, this is consequential on the proposal to deleting all three which I will also be moving when we get to that stage for the reasons that I have already given.

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

Clause 2

HON ATTORNEY GENERAL:

Mr Chairman, I wish to move that the Bill be amended by the deletion of the expression "(4)" and the substitution of the expression "(5)" and also that in the new subsection (6) to section 4 the word "may" should be deleted and be substituted by the word "shall".

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

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

The following Hon Members voted against:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The amendments were accordingly passed.

HON P C MONTEGRIFFO:

Mr Chairman, I beg to move that Clause 2 be amended by adding at the end of the new section 4(6) the following proviso:

"Except that such information shall be of a statistical nature and provided in such a form to preserve the confidentiality of individual taxpayers".

MR CHAIRMAN:

Do you wish to speak on behalf of the amendment?

HON P C MONTEGRIFFO:

Yes, Mr Chairman, as was indicated during the general debate although we are entirely satisfied that the Government is entitled to certain information for the purpose of formulating fiscal and economic policy, we felt strongly that the proposed subsection is much too wide and extensive

for the purpose for which it is ostensibly required. We will have no difficulty, and we have so indicated, with the amendment of the word 'may' by 'shall' which has just been approved because we have no difficulty in making that a mandatory situation. We however wish that the extent of the information in question be defined. So we want to introduce the amendment which I have just moved and which will ensure confidentiality. My intention is to ensure that by individual taxpayers we also include companies and if there is some concern with the use of the word 'individual' then I will delete 'individual' and simply put 'taxpayer'. I think that expression would be wide within the legislation to cover companies as well. Sir, the position in Jersey as we have been able to determine is not dissimilar to the type of amendment which we want to introduce and perhaps it will be useful if I could circulate, to the Government, a photocopy of the relevant section. The Jersey legislation, the equivalent is actually titled "power of control to disclose statistical information". It actually qualifies the information as "statistical" and states basically that notwithstanding anything contained in the general law, the Controller may disclose to the President of the Finance Committee, my understanding is that in Jersey this is largely equivalent to our Financial Secretary, such statistical information as he may require for the purpose of the preparation of the General Estimates of the Revenue of the States for any year or for any other purpose affecting the Revenue of the States. In other words, it is a fairly wide provision, it is for any purpose affecting the Revenue of the States, but it is qualified by the fact that it is statistical in nature and not anything else. It is really that type of reasoning, Sir, which I am suggesting to the Government that could be reflected in our own Ordinance. I have gone one step further, as will be obvious in my amendment, so that it is actually a reference to the preservation of confidentiality. Although in a sense it is implicit that when you say that information is statistical it is in fact confidential because statistical information is normally on a no name basis etc. Mr Chairman that really is the basis of our amendment and we would be quite happy to support the whole rationale of the Bill once the information was curtailed and once the very wide extent of the measure was circumvented.

Mr Speaker then proposed the question in the terms of the Hon P C Montegriffo's amendment.

HON CHIEF MINISTER:

Mr Chairman, the Government does not accept the amendment, and let me say that I do not agree with the Honourable Member's argument that he has just put, that what he proposes in his amendment, about preserving the confidentiality of individuals taxpayer because it is implicit in the fact that the information is of a statistical nature. In fact you can have information of

a statistical nature where you say "We want to have a list of all the construction companies that pay more than £100,000" that list would then contain the names of the people who are paying more than £100,000, or the companies are paying more than £100,000. Therefore it would identify the individual companies paying at that level. So the fact that the information is statistical does not mean that you cannot identify it. Whenever you see publications, Mr Chairman, in the United Kingdom of who are the highest paid Directors in the land, that is statistical information and certainly the individual is not just identified but normally put on the front page of money magazines, which I am sure the Honourable Member opposite is familiar with. So, in fact, it is not unusual for people to have their incomes published on the front pages of magazines in London or New York or whatever and that is sometimes also tabulated in a statistical form as to who are the biggest income earners or who are the most profitable companies and who are the biggest taxpayers in the land. The purpose of the amendment that the Government is bringing to the Ordinance is not in order to publish it on the front page of any newspaper it is in order for the Government to be able to carry out two important functions. Its own formulation of economic and fiscal policies and its role in ensuring that, in dealing with the decision making process of Government, we are able effectively to monitor that the collection of revenue is meeting the criteria that we lay down and to make sure that we can identify, if we need to identify, the people who are persistently not paying. That is a problem that has existed until now, and I do not see why the Government, for example, should have a situation where somebody who wants to acquire a Government lease or whatever and the Government has no information about whether that person or organisation owes the Government hundreds of thousands of pounds in Taxes, Rates, Water or anything else. If the Government can find out what is owed on Rates, Water, Electricity and Telephones why should it not be able to know, as a Government, what is owed in Taxes. Information can currently be obtained under the existing Ordinance, and the Government has already been provided by the Income Tax Department with a list of all those people who have kept their employee's PAYE and we have asked the Attorney General to take action against those companies and we have announced it publicly. It would seem to me that that would infringe the amendment produced by the Opposition on the confidentiality of the individual taxpayer and I am afraid that we see no need for it. The other argument which I saw the Honourable Member using in the press, although he has not used it here today, is the question of whether information as to taxation would be something that would give a competitive advantage to the Government's Joint Venture Companies as opposed to others. The information is going to be available to the Government, not to the Joint Venture Companies and in any case one worry that might concern individual businessmen would only arise if Members of the Government were themselves in business and in competition with others. That is not going to happen for as long as the GSLP is

in Government and since the chances of the Members opposite being in Government again are fairly remote, I do not think that we need this amendment to protect the people from the possibilities of their AACR Ministers who would use this information to undermine their competitors in their private businesses, so the Government sees no need for the amendment.

HON P C MONTEGRIFFO:

Mr Chairman, we do not want to talk about members private business interests or otherwise. That is not what we are trying to sensibly deal with this morning. The purpose for which the information is required is not questioned by the Opposition, in a general context, and that is something which I mentioned at the outset. I am a little concerned about what the Chief Minister has said because in explaining the reason why they want the information which according to the Bill was for the formulation of fiscal and economic policy, he has pointed out for example, that we will get to know who is paying tax, what elements of arrears there are, who is a persistent defaulter, etc. If that is the case, then I am even more worried, because that is not what I understood the amendment was for, that is a matter of enforcement and is therefore a matter for the Commissioner of Income Tax, at the direction of the Government no doubt, to press ahead, in conjunction with the Attorney General's Chambers. It is a matter which is non-political enforcement, a matter of administration, and we had assumed that the purpose of the Bill was simply information for the formulation of fiscal and economic policy. Sir, of course the Government is going to be in business, if information on competitors, in those areas where there are going to be Joint Venture Companies, is available to the Government then the Government, through the Ministers who will be chairing Joint Venture Companies, will have that information. Mr Pilcher will be chairing some companies and, I imagine, that Mr Feetham will also be chairing some companies, how can you have the same people wearing two different hats and not using the information they have obtained as Ministers. Clearly the information will be available to Government, to Council of Ministers, and will be in the hands of the Chairmen or Managing Directors of the Joint Venture Companies because Ministers will sit on these Boards and in some cases actually control the activities of those companies. If the Chief Minister takes the view in fact that it is not implicit in the definition of statistical, that confidentiality is preserved, then perhaps all the more reason for my having included that second limb in my amendment, where what I am trying to do is that if the Government legitimately wants to say "give us the list of all those construction companies which are paying more than £50,000 a year in tax". Then that information will be provided for on a no names basis, in other words, companies 1 to 10 then one would know the extent of the amount that is being paid, but without necessarily disclosing individually the affairs

of any particular company. Sir if I cannot have everything then I prefer having part of it something to protect the situation. Therefore if the Government is after statistical information, will they be prepared to delete the question of confidentiality, so that they may get their lists but that the information is statistical so you would not be able to have a situation on one particular company, the information that would be provided would be by industry or by sections of the economy. We do not think that the rationale of our amendments should be objectional at all. I am trying to present the position in Jersey because I think it is relevant to see how other places do things, not because we wish to follow slavishly, but because people elsewhere may have given thought to such matters and if they have gone down the road of specifically defining the type of information that is disclosed then that should be persuasive and should be taken into account particularly when one is doing away with fundamental principles like secrecy and confidentiality of information on tax. This is a major departure from the previous situation and if that is the case, I think, it is useful to look at the way other jurisdictions have gone about it. The Government's purpose is still protected by this amendment and I think the Government will still be able to get its information. We should therefore amend the Bill accordingly, Mr Chairman.

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

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

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 L Moss  
The Hon J C Perez  
The Hon J E Pilcher  
The Hon E Thistlethwaite  
The Hon B Traynor

The amendment was accordingly defeated.

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

Clause 3

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I wish to move that Clause 3 should not be proceeded with and should be deleted from the Bill.

Mr Chairman put the question which was resolved in the affirmative and Clause 3 was accordingly deleted.

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

THE PUBLIC HEALTH (AMENDMENT) (NO.2) BILL, 1988

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

Clause 2

HON ATTORNEY GENERAL:

Mr Chairman, I beg to move that the new section 272A(2) be deleted and the following new subsection substituted therefor:

"(2) Subsection (1) above shall have effect with regard to all rates which become due on or after the 1st April, 1988 and which remain unpaid".

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

HON A J CANEPA:

Mr Chairman, this improves the position up to a point and the arrears are now limited to the 1st April 1988, so insofar as this amendment itself is concerned we will be abstaining but we are going to vote against the whole of the Clause because the principle of making the landlord responsible for rates which remain unpaid is one that we do not subscribe to.

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

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

The following Hon Members voted against:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

Clause 5 was agreed to and stood part of the Bill.

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

HON ATTORNEY GENERAL:

Mr Chairman, I have the honour to report that the Landlord and Tenant (Amendment) Bill 1988; the Income Tax (Amendment) (No.2) Bill, 1988; and the Public Health (Amendment) (No.2) Bill 1988 have been considered in Committee and have been agreed to with amendments and I now move, Mr Chairman, that they be read a third time.

Mr Speaker then put the question and on a vote being taken on the Landlord and Tenant (Amendment) Bill, 1988, the following Hon Members voted in favour:

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

On a vote being taken on the Income Tax (Amendment) (No.2) Bill, 1988; and the Public Health (Amendment) (No.2) Bill, 1988, the following Hon Members voted in favour:



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

The following Hon Members voted against:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The Bills were read a third time and passed.

#### PRIVATE MEMBERS' MOTIONS

HON A J CANEPA:

Mr Speaker, I have the honour to move that:

"This House -

(1) Declares that the three-year agreement reached in December 1985 on Spanish pensions did not commit either party to fixed percentage contributions during the period 1986-1988, or beyond.

(2) Deplores the decision of the British Government to re-allocate for the payment of Spanish pensions ODA funds previously earmarked for development projects in Gibraltar after agreement between ODA and the Gibraltar Government.

(3) Urges the British Government to refrain from making any further use for this purpose of the remaining funds out of the £6m set aside for development.

(4) Considers that any arrangements entered into by the British and Gibraltar Governments on the question of Spanish pensions should safeguard the position of Gibraltar pensioners, contributors and taxpayers".

Mr Speaker, I gave notice of this motion on the 8th November and I did so and I so move the motion this morning in a positive spirit. Our intention was to be helpful at a stage when the negotiations were becoming delicate and to set the record straight, the historical record, straight in respect of what the 1986/1988 Agreement amounted to. Even though the Chief Minister in his statements on his return from that particular meeting with Mrs Lynda Chalker

did make it clear that he accepted the explanations which had been given here in this House when we were in Government in 1986 and which, in my absence, Sir Joshua Hassan then went on to make clear in a television interview. Mr Speaker, it has always been the fundamental policy of the AACR that Gibraltar could not afford to pay this very high cost of Spanish pensions and should not, in principle, be made to pay having regard to the fact that the problem was one created as a direct result of the hostile actions of the Franco regime in an attempt to bring the economy of Gibraltar to its knees and in an attempt to coerce the Gibraltarians into taking a different decision, to what they had consistently been taking, on their future and the way of life that they wished to pursue. The attitude that we have taken on this matter, in the past, has been against the background of the magnitude of the problem and to the extent not being known at the time, in the detail in which it is known today. We apprehended that a serious problem was going to arise and when I was Minister for Labour and Social Security in the 70s we knew that the day that Spain acceded to the Community serious problems were going to arise. As Minister responsible for this area, once I knew that Spain had made an application to join the EEC I wrote to the Chief Minister and acquainted him of the serious problems that could arise as a result of Spain joining the EEC. I know that the Chief Minister, through the proper channels, transmitted that anxiety on to London and my head of department, at the time, also pursued the matter in detail and kept the then Deputy Governor fully informed about the extent of the problem, as we saw it, and I have also reason to believe that communications were sent on to London about this. There was never the reaction to the matter that the problem perhaps merited, perhaps because the full extent and the magnitude of the problem, as I say, was not fully comprehended. During 1984/1985 when there were fairly intense negotiations on the matter it is clear that officials and/or Ministers in London did not see the matter, did not see the full extent of the problem, as all the indications would point they now do. I think in that sense the Joint Study Report has been a useful exercise because it has highlighted that the problem which will be with us well into the next century and whilst we used to say in 1984/1985 that this was a problem which would peek over a period of about fifteen years and therefore we were talking of a figure in excess of £100m, fifteen years at £7m or £8m a year would amount to £100m. We now know that the full extent of the problem is dramatically greater than that. We were adopting in 1984/1985 the position that, ultimately, it was Britain's responsibility to pay. In fact the Spanish Government also adopted that view because in Geneva in February 1985 during the Plenary Session of the UK/Spanish discussions about Gibraltar, the then Spanish Foreign Minister, Señor Fernando Moran, made statements to the effect that he fully accepted that Gibraltar did not have the resources to meet this commitment and that therefore he looked to Britain to do so. During the difficult negotiations when we were pointing out that we were not prepared to go beyond the



£4½m, which was the notional sum directly attributable to Spanish contributors, we took the line that if we defaulted, if on the 1st January 1986 and subsequently, we did not pay the Spanish pensions and legal action was taken against the Gibraltar Government either in the Supreme Court here in Gibraltar or ultimately before the European Court, it was Britain, as the Member State, who would be ultimately answerable. The three year agreement which was reached in December 1985, Sir, was reached in a situation where not as much information was available, as I say, about the extent of the commitment as is now the case. It seems clear from the discussions that we have had and the meetings that we have had with the Chief Minister, without going into details, that since the Joint Study Report or whilst the Joint Study Report was being drawn up and subsequently United Kingdom officials have been able to look at many more aspects of the matter, not just directly involving the Social Insurance Scheme and the Social Insurance Fund, but indeed in a much wider context, going through the whole route of Gibraltar's Social Security system in the depths that it is required and with the view of dealing with all the ramifications which membership of the EEC and the application of EEC Social Security Regulations to Gibraltar has, having regard to the very high level of foreign workers in Gibraltar. It is a pity that this exercise was not carried out soon after Spain's application in 1978 when perhaps corrective measures could have been taken at the time. I think it is necessary to confirm the historical record about the percentage contributions as they arose. In the run up to the Madrid meeting in December 1985 a situation of virtual deadlock in the negotiations was reached between the British Government and the Gibraltar Government. We had been offered by Mr Timothy Raison, he made a statement in the House of Commons, a one year agreement which Britain would pay £6m and we were expected to pay £1m out of the £4½m of the notional Spanish sub-fund. That was the position when we went to Madrid at the beginning of December 1985. That arrangement was not acceptable to us because we saw it purely as a device to let Britain off the hook so that pensions could be paid on the 1st January 1985 on Spain's accession. This was made clear in the joint Press Release, issued by the two Foreign Ministers that Spanish pensions would be paid. We made it clear to Sir Geoffrey Howe, because it had not been done in consultation with us, it must have emerged in the Bilateral Talks between the two Foreign Ministers, that our understanding of the position was that with a one year offer of £6m, Britain would have to make her own arrangements to pay the pensions because on that basis we would not be setting in motion the administrative arrangements, in Gibraltar, to pay the pensions. On our return from Madrid there was vigorous correspondence leading eventually, on the 16 December, I think that was the date, to an offer of a three year Agreement with Britain paying £16½m and £4½m being contributed from Gibraltar's Social Insurance Fund. I think that agreement was finally reached, on that basis, on the 22nd December, a case of brinkmanship which bares very close

comparisor with what we have seen recently when tomorrow, the 7th December, the date the money would otherwise run out and the present Chief Minister has been able to reach tentative agreement on a basis that will enable payment of Spanish pensions to continue. Throughout the negotiations there was no question of Gibraltar making a percentage contribution, indeed if that had been intended, then if prior to December 1985 all we had was an offer from the British Government of contributing to a one year agreement £6m as against Gibraltar putting £1m, then the percentages changed because £1m out of £7m is nearly 16% and in the event £4½m out of £21m represents a different percentage, closer to 22%. At no stage throughout the two years of discussions and negotiations was there any talk of a fixed percentage contribution. Either for the period in question and certainly not beyond. In fact we were at pains to point out that the tapering arrangement of Gibraltar's contribution were seen by us, as a device which helped us, in that the residue of the Spanish sub-fund would remain invested over a longer period and therefore more interest would accrue, and we would have resisted any attempt to fix a percentage contribution for that period or for the future. Now, Mr Speaker, at the time earlier in the summer, when it was announced that £2.8m of ODA money was going to be used for the continued payment of Spanish pensions given that the £21m have run out earlier this year, we voiced our objection to that arrangement, and we voiced that objection to that arrangement because we felt very passionately about the £6m which, in the event was inadequate, but about the struggle that we have had to get £6m of ODA money for projects which were essential for the infrastructure of Gibraltar. When Mr Timothy Raison came out to Gibraltar in 1984, we managed to convince him and he has so stated publicly that Gibraltar had made a case for continuing ODA aid for urgent infrastructural projects and it was a hard struggle to get these £6m. We felt that the sum was inadequate, we had made a good case for a great deal more than what we were given. Projects which we thought urgent and which ought to have met ODA's criteria which was essentially that they should be for projects of an infrastructural nature. The Honourable the Chief Minister gave indications at the time that perhaps ODA were dragging their feet and that they already had in mind the possibility that that money may have to be used for the payment of Spanish pensions. If that is the case, I think it was an act that fell short of good faith, to send economists and ODA officials out of Gibraltar to discuss with officials of the Gibraltar Government applications for projects, do the ground work for these applications, so that they could be considered by the Projects Committee in London, it was nothing short of bad faith to have acted in that manner. We condemned the action that the British Government had taken on the matter and the Chief Minister has on numerous occasions, since then, stated that the present Gibraltar Government were very unhappy about this but they were unable to stop the allocation of these funds for that purpose. We urged,

and this is reflected in our third paragraph, that the British Government should refrain from making any further use of the funds which are still available, £3m odd, for that purpose. We do not have a final answer apparently yet, we did not on Monday as to where the £700,000 that remains or that is required until the end of this year to continue payment of Spanish pensioners, was going to come from but there are indications that an effort is being made to ensure that they do not come from ODA funds. Therefore perhaps having given notice of the motion of the 8<sup>th</sup> November and the fuss that we had created on this matter earlier on, in the Autumn and during the summer, we hope that it may have been of some assistance to the Chief Minister in putting up some resistance and trying to convince Mrs Chalker that these funds should remain set aside for the purpose that they were envisaged in the first place. At least we are thankful that apparently there has been some measure of success. The fourth paragraph of this motion, Mr Speaker, then goes on to lay down the principles that we, from the Opposition, are mainly concerned about that require to be safeguarded and that is the position of Gibraltar pensioners, Gibraltar contributors and taxpayers. What we do not wish to see and the Agreement is not yet signed, the Agreement has to be finalised, the Agreement that will come into effect on the 1<sup>st</sup> January 1989 and what we wish to see, Mr Speaker, is an agreement that insofar as Gibraltar pensioners are concerned, ensures that the purchasing power of their present pensions remains intact, in other words, that pensions will not be decreased, will not be frozen, but will be increased in the future by some means or other directly or indirectly so that their present purchasing power remains intact. We see the difficulty that the Government has had and we support it, they are repealing the formula which has been regulating the level of pensions for the last twelve years or so, based on average earnings, and we realise that it may not be possible, in the future, to work to that principle. The benefits can be increased either in line with basic wages, in line with average earnings or in line with increases in the cost of living. If for the future the Government is able to devise a formula, an arrangement, whereby either by following any of those three roads, the purchasing power of pensions as on the 1<sup>st</sup> January 1989, of present Gibraltar pensioners can be safeguarded, we would be quite happy about that development. Insofar as contributors were concerned what we were anxious to avoid, Mr Speaker, and what we are still anxious to avoid naturally is a situation in which contributions will go up, in future, to take account of the Spanish commitment. During the three years of the 1986/1988 Agreement we were increasing pensions and we were increasing contributions every year, at the beginning of January, and we were at pains to ensure that the increases in the level of contributions was purely to meet the commitments of Gibraltar and other resident pensioners and not to meet the escalating commitment to Spanish pensioners everytime that the level of pensions was increased. Thirdly insofar as taxpayers are concerned, we are anxious to see a situation whereby if arrangements have to be made in the restructuring of the Social Security system that would mean a different source of revenue being

used to meet the commitments, and this was a device that was used in the past, because up to 1976, Mr Speaker, the level of pensions being paid out of the Social Insurance Fund was being supplemented by general revenue it is something that has been done in the past, if that is to happen then the residual commitment that is going to fall on Gibraltar taxpayers should be one purely to meet the obligations that we have to Gibraltar pensioners and other resident pensioners and not to those outside Gibraltar. So this is the spirit, Mr Speaker, of the motion which I am moving this morning. We are glad to see that the Government has been able to enter into arrangements which, by and large, appear to meet these requirements and as I have stated publicly we do not think that the task of meeting the principles in paragraph 4 of my motion regarding Gibraltar pensioners, contributors and taxpayers are going to be easy to devise and to implement and we will be monitoring the situation very carefully. We hope that the series of meetings which we have held with the Chief Minister on this matter will be a feature for the future whenever the Government feel that further legislative measures or administrative measures are required and if they can give us a background briefing that will enable us to understand the situation much better and to fulfill our functions as a responsible Opposition in the way that we would like to do in the best interests of Gibraltar. The road ahead Mr Speaker, is a difficult one, it is not going to be a smooth road and the expertise that we have on this side of the House is one that we will make available to the Government by questioning, by putting across points of view, by reacting to what they intend doing and I hope that the motion will be seen in this positive spirit and that the Government will be able to support it. Mr Speaker, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon A J Canepa.

HON CHIEF MINISTER:

Mr Speaker, it is not the Government's intention to delete all the words after "This House", nor to convert this into a congratulatory motion of my expertise in negotiations which is the kind of fate that I have seen my motions suffer in the past when I have moved from that side. The Government agrees with the sentiments of the motion and in particular we have rejected, as the House knows and as the Honourable Leader of the Opposition has mentioned, the contention of Her Majesty's Government that there was an implicit commitment in the Agreement, entered into by the AACR that they would pay a percentage of the additional cost of the three year agreement that ends on the 31<sup>st</sup> of this month. The position, as far as the Government is concerned, and I told Mrs Chalker this across the table, was that if there were two versions on the nature of the Agreement done in 1985, and I was being told by Her Majesty's Government that I was bound by an agreement that



the Government of Gibraltar had entered into, notwithstanding the fact that in Opposition I had voted against it, then if that agreement was binding, it was only binding to the extent that the previous Government of Gibraltar had explained it in the House at the time, and the way they explained it in 1986 as a result of a direct question. Mr Speaker I do not want to go into the past but the Honourable Member opposite in moving the motion has made reference as to what had taken place in the past and therefore I think that if he is putting the record straight then I need to make sure that it is a balanced record. Let me say that in 1985, when the Agreement was done, for the three years, and to which Clause 1 of the motion refers, the Government at the time had no policy on how to deal with the situation if the money run out before the three years run out. I had put a specific question about this "What happens if the money does not last?" The answer I was given was "that if the money does not last, we will discuss it with the British Government at the time that that happens". That was said in 1986 and I said, "Is the commitment of the British Government that they will pay a proportion of the cost and therefore if the cost goes up, the British contribution goes up?" The answer was "No, it is not a question of the British Government paying a proportion, it is a question of the British Government paying a fixed sum of £16½m, and therefore if the cost is higher, the British contribution is still £16½m". That statement, which is on record in Hansard, was made during the debate we had in the House in January or February 1986. This is what enabled me to say to the British Government on this occasion well as far as I am concerned I was not in favour of the agreement at all in 1985, but if you tell me that I am bound by whatever has been signed by the previous Government, I am only bound to the extent that they understood what they were agreeing to and I choose to believe that the version of the Government of Gibraltar is the correct version and not the version of the United Kingdom Government. So paragraph 1, as far as we are concerned, is not simply a question that the House declares this now, the then Government, in 1986, informed the House that that was the case and if this House was to say anything different now, we would effectively be saying that the Chief Minister, in January 1986, deliberately misled the House by telling them something that was untrue. So paragraph 1, as far as we are concerned, reiterates the position, as was explained in 1986, and as explained now. It also of course does expose the fact that there was no fallback position which we could use when the money run out and I think as recently as the debate we had on this matter, prior to the dissolution of the House in December 1987, when in fact we raised "What is going to happen?" The Government was then involved in the discussions with Her Majesty's Government on the results of the Joint Study Report, which as the House knows we made public when we came in, and the Report as anybody who has read the report knows stated "that the Gibraltar economy could afford to meet the bill". That is what the Joint Study

said and which we understand, from what we have seen subsequently about the £16½m ODA grant in support of the Pension Fund, was made a condition of the grant. We did not know it at the time. In 1985, when we were told that the British Government had agreed to pay £16½m, we were not told in this House that they had made it a condition, they imposed a condition of the Government of Gibraltar, that in order to get the £16½m, the Government had to accept that there should be a Joint Study, with terms of reference which clearly pointed to Gibraltar's potential for meeting the Bill and the only change that was done to that proposal which came from the British side, by the Government of Gibraltar, the only attenuating element they were able to introduce, was that that was without prejudice to the position of either side. So we had a situation where the British Government said "I will give you the £16½m provided you agree to a Joint Study, with my experts basically running the show, to demonstrate that you can pay" and then the Gibraltar Government added "without prejudice to either side". Well I can tell the Honourable Member opposite, as a negotiator of fourteen years experience, that if you ever agree to a study that says "that it is to determine how much you can pay" you have defacto given up the principle that you should not pay. Because what you are now arguing is whether you pay 1%, 5% or 95% but not that you pay zero. This is why we rejected the Joint Study in 1986 and when we came into Government. We had a Joint Study which was already saying that we could pay the lot, we had a situation where the previous administration had already said they would pay for the people who had retired in 1969 and we had a Manifesto commitment saying that we would not pay a penny. Clearly that has made the negotiations tougher, more difficult than they would otherwise have been, and I recall my colleague, Mr Mor, saying from the Opposition at the time that if you have already announced what your ceiling is going to be in the negotiation, the ceiling becomes a floor, anybody knows that. You go into any negotiation either as a businessman or as a trade unionist or as anything else, and the thing you do before you enter into the negotiating room is to say the most that I will pay is £1m, that to the other side means that the least you will pay is £1m, because you have already given £1m away. There is no fight to get there. I am saying these things because, those are facts, of what happened and when Sir Joshua Hassan was interviewed, when the Leader of the Opposition was away, and he was asked in the interview about that specific point, his argument was that that was done by the AACR Government in order to appear reasonable and hoping that their reasonableness would be reciprocated by the British Government. Well, I believe, we live in a tough, nasty world where reasonableness gets you nowhere and it is better to dig in your heels and stand your ground and that produces better dealing. That has been the position that has been taken as regards making any contributions and therefore if the last paragraph, about protecting contributors and taxpayers, means protecting them from having to pay anything



at all towards meeting any bill beyond the £4m that has already been paid, then we have not budged one iota from that position, and therefore we have protected them not only from what the British Government wanted them to pay, but from what the previous Government was prepared to pay with local taxpayers and contributors money. Any reform of the Social Insurance Fund will be on the basis that future rights will have to be determined taking into account past contributions. I think if we had moved into changing the Regulations in 1985, before Spanish entry, we would have been able to handle the problem much more easily. I know that the Government of Gibraltar argued, as recently as December 1987, there is a motion of this House, Mr Speaker, carried by Government majority which says that the Rules could not be changed in 1985. The Rules could be changed in 1985, the rules have been changed in 1988 and they could therefore have been changed in 1985 that is obvious. I think the Government of Gibraltar has argued subsequently that if the Rules could have been changed, then the British Government should have advised them that they could have been changed, and certainly the British Government did not inform them and I have also used that argument with the British Government. I said "fair enough you can say the Government of Gibraltar did not take the initiative to do anything to the system to protect the Social Insurance Fund, but neither did you and the Government of Gibraltar is a small administration, it has small resources, and you have got many more experts than they have, and if their experts did not think of it, yours should have thought of it, because you have got an ultimate responsibility as a Member State". That is the argument that I have used in defending the position of the previous Government for not changing the rules at the time. Let me say that on this occasion all the running has been made by us. The Government of the United Kingdom has not come up with anything in terms of suggesting what could be done, other than the parallel fund, which was their response to the original idea of integrating the Social Insurance Fund of Gibraltar with the National Insurance Fund. Let me just for the sake of the record, since this is probably an occasion when we can say what has happened, to say that the original concept of looking at the nature of the problem was to say well independent of how big the bill is for the Social Insurance Fund of Gibraltar, and let me say that it is not just the bill that arises from pre-1969 pensioners, it is in the nature of a Social Insurance Fund like ours, with a very small contribution base, that you can only accurately quantify the future liabilities that you are facing if you have got a relatively stable contribution base and if you have got a closed economy. In the world of 1954, when the scheme was set up or in the world of 1969 when the frontier was closed, you were talking about a situation where the overwhelming majority of people entered into employment when they left school and left employment when they retired and spent their whole life contributing and you could almost predict to the hour and the day who was going to retire when. When you moved from that situation into a world where there is a unified market

and where there is free movement of labour and capital and where people are coming in and out of the Gibraltar economy, and contributing for very small periods, and acquiring rights, which are disproportionately high for their contributions, you are then creating a potential liability which is a time bomb that you are sitting on. We are in that situation with the Social Insurance Fund, independent on the Spanish liability, the Spanish liability exacerbates it enormously and brings it forward to today but if we forget that there is a Spanish liability and we look at the fund, we are looking at a situation where commuting workers, specialist workers, coming in and out of Gibraltar working for small periods can obtain an average of contribution over the years which will entitle them to a pension which is much higher than the people who contributed throughout their working lives. Effectively therefore the Fund, which has to be self-financing, provides an internal cross subsidy. It subsidises the pensions of migrant short-term workers by the contributions of long-term resident workers. Because you go into the scheme and you contribute when you join, when you leave school and you leave when you are sixty five and you pay your full contributions, but somebody comes in and out and if they contribute 25%, they finish up getting a 40% pension for a 25% contribution. Whatever the reasons that were there when this was done, one of the things that the team of experts that came out here to hold discussions with me on the Pension Fund, and were looking at ways in which we could reform the system, said to me "that no Pension Scheme anywhere in the world stays the same for twenty years". The reality of it is that in UK and in most places you expect to have to go into a deep structural change every ten years or so because the society which you are insuring, is itself changing, the demographic structure is changing. If you have a situation where you have a very young population, then you can afford to give very generous pensions and low contributions. If you have a situation where you have a very old population then you have the possibility of actually penalising working people in order to maintain retired people and you could finish up in theory with the situation where the people who are at work are having to pay a very high proportion of their incomes to maintain an increasing non-working retired population. It is a problem that is facing almost every western nation with declining birth rates and higher living standards and more people living beyond retirement age. We are not in that situation, because if we look at the structure of the contribution coming into the Fund, we do not have an excessive number in the elderly group, we are about average but of course the problem is that the contributors themselves are short-term employees who acquire rights well in excess of the contributions that they make. This is one of the main flaws in the scheme and essentially what we have is what I said, if the House will recall at Budget time Mr Speaker, I said "at the end of the day we may find that had we been able to take pre-emptive action, a number of years ago, the scheme might have been able



to survive with a different set of rules. But at this stage where we are already involved in paying out huge sums of money, for which we have no resources, the scheme may not survive" and that is a reality, the scheme will not survive, it will have to be replaced. In replacing that scheme we have to be conscious, not only that we have a clear political commitment, not to use Gibraltar Funds to meet the pre-1969 liability and that has been accepted by Her Majesty's Government. I do not necessarily agree with the Honourable Member opposite that they have accepted, that as a Member State they have to answer in Brussels, because that is not what they said to me that they have accepted. What they have accepted, as part of a package where the liability will be contained by the nature of the reforms, they are prepared to meet what is fundamental to the position of the Government of Gibraltar and that is that they foot the bill. As we will not move from that position and as far as I am concerned, on this as on every other issue whether we are talking about Brussels or anything else, the commitment that we have given our people during the election, in March, were not vote catching slogans, they were the things that we intend to do and we will stick to the letter of it. We have a situation where we are in a position to say to Members opposite that the direction in which we are going and the protective measures which we are introducing are the ones that we all want to seek. Certainly they will be kept fully informed, at every stage, there is no desire on the part of the Government for secrecy in this matter, but there is one fundamental element in this which cannot be ignored. We must not be put in the position where anybody can accuse us of discrimination, because if we are put in that position, then the entire edifice of what we are trying to build to protect ourselves collapses. For this reason we must measure our words very carefully so that they are not misquoted and misinterpreted and then misused by people who might want to challenge what we are doing, and this is fundamental to the understanding that we have reached with Her Majesty's Government, that has accepted the responsibility for defending the changes that we are going to undertake, at the level of the EEC or whatever they need to be defended should the occasion arise, but in order to make sure that they are defensible we must be seen to be acting in consonance with Community Law and which we intend to do. It is for this reason and no other, Mr Speaker, that I intend to move an amendment to the Motion deleting the last paragraph 4 and substituting for it a new paragraph 4 which makes sure that the wording is such that nobody could argue that we are doing anything which is in conflict with our community obligations. I am not saying that what the Opposition put there would necessarily be in conflict with community obligations but it is an area where the advice that we have is that it might be interpreted as proposing that and that is something that we do not want to risk. The amendment that we propose to move and which I have already given copies to Members opposite, as I say, is one which ensures that this House supports the view that the Government of Gibraltar must

comply with International Law. I do not think the Government can be asked by the House to break the law and we must not be asked by the House to do anything that might be interpreted, by anybody that may not wish us well that we are breaking the law. I am sure it was not the intention of the Opposition that that should be the case with their original amendment, but as I said this has been looked at by the experts, whose job it is to mount a defence on our behalf, should that be required and they see certain risks in the wording which need to be catered for. The position, Mr Speaker, is that we have agreed verbally an amendment, on a confidential basis, but it is not yet in written form and therefore there may be t's to cross and commas to put when we see what the written version looks like but we do not anticipate problems in actually finalising it. I therefore move that the new Clause 4 should read, Mr Speaker: "Considers that the arrangements entered into by the British and Gibraltar Governments, for the reform of the Social Insurance Fund, should safeguard the accrued rights of all pensioners and contributors on a non discriminatory basis and in accordance with Community Law". As I have said, Mr Speaker, this is because in the original motion which talks about Gibraltar pensioners, it is not clear and it is open to misinterpretation where Gibraltar pensioners could be Philipino contributors, of whom we have had several hundreds in the past and who have got some rights that we will need to investigate. As I have already said to Members of the Opposition and I think mentioned in public the nature of the process that needs to be followed to safeguard those rights requires first, very substantial technical work which will probably take more than one year to do, to establish exactly what those rights are. We do not have, in Gibraltar, the resources to do even that part of it, never mind paying the Spanish pensions, we do not even have the resources or the manpower or in terms of equipment to go through the records of every single person that paid, whatever amount the sum that they paid, since the scheme started in 1954 and establishing what they put in and what they have taken out. That which is really a mammoth task would manually take us till the year 2026. In fact the United Kingdom Government is going to provide the necessary technical support so that when we take the decisions on reform we take them with a clearcut picture in front of us of what the implications of the proposed changes will be. Then when we are in a position to see that ourselves, then that information, I will also make available to Members opposite so that they can see the full picture the same as us and then at the end of the day when they see the full picture, they can make up their minds whether they believe we are doing everything possible to protect all those that need protection or not. I commend the amendment to the House and the Government of course will be supporting the motion as amended.

Mr Speaker proposed the question as moved by the Honourable the Chief Minister.



HON A J CANEPA:

Mr Speaker, speaking purely on the amendment, it was not our intention, let me make it quite clear, in drafting paragraph 4 in the manner which we did to make a statement that the interests of Gibraltar pensioners should be protected in a manner that would leave us outside Community Law. That was not our intention. We were taking a narrower view of the matter than what the Government has taken and we accept that the Government has a wider responsibility, because if it is dealing with the British Government and it is negotiating an agreement with the British Government, that agreement must be capable of withstanding the test of Britain's international obligations and in particular, in the same way, as the Member State, we think that she is ultimately responsible, we accept that as Member State, she must be able to defend in the context of EEC Community Law any agreement that she enters into with the Government of Gibraltar and which affects EEC Members or Nationals of the EEC Members. So we certainly do not oppose the amendment, we are going to abstain on it because it is the Government's amendment and then when the motion finally comes back, amended, before the House we will have no difficulty with the motion as a whole.

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

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

The following Hon Members abstained:

The Hon K B Anthony  
The Hon Lt Col E M Britto  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon G Mascarenhas  
The Hon P C Montegriffo  
The Hon Dr R G Valarino

The following Hon Members were absent from the Chamber:

The Hon E Thistlethwaite  
The Hon B Traynor

HON DR R G VALARINO:

Mr Speaker, with respect to the British Government's recent comments that there was a percentage linkage to the Agreement entered into by the British and Gibraltar Governments, I would like to remind the House that a few weeks ago Sir Joshua Hassan denied publicly that in his discussions with the British Government there had ever been any question at all of any percentage contributions or any percentage decisions at all. He said this publicly and clearly and I do not know where the British Government has got this percentage idea. It was certainly not from the then Chief Minister or from the then Government. Let me also remind the House of the motion, at the end of last year, and I shall quote the Chief Minister if I may "Gibraltar Government Ministers have made it clear to the British Government that whilst Gibraltar is prepared to meet its moral responsibility in full and has accordingly offered to contribute the total amount paid into the Social Insurance Fund by Spanish workers plus accrued interest, a total of £4.5m, their view is that the ultimate responsibility lies with the British Government.

MR SPEAKER:

Who said that?

HON DR R G VALARINO:

That was said by the then Chief Minister, the Honourable Adolfo Canepa. He said "that the ultimate responsibility lies with the British Government". He went on to add at the same time "that we reiterate our views that the Spanish Government should acknowledge its responsibility in the matter". The then Chief Minister also said "let me make it clear that whatever the technical advice, whatever the size of the commitment, we will not be prepared to pay" and I stress "we will not be prepared to pay or to have Gibraltar paying for the consequences of the hostile action taken by the Spanish Government culminating in the closure of the frontier, it would be the height of irony if not irresponsibility". So there had never been any percentage basis for these contributions and this has been denied by the Learned Sir Joshua Hassan publicly. I am very glad that the Government of the day had not sought to change in any way the motion presented by the Leader of the Opposition except for paragraph 4. With reference to the position of Gibraltar pensioners should be safeguarded and in my view the most important thing about this is that we should safeguard the position of our own people. I would also like to thank the Chief Minister for keeping the Opposition fully informed on the discussions that have taken place and I feel that whatever conclusions are arrived at today we must always have in mind that the prime importance is the well being of Gibraltar and of the Gibraltarians. This is paramount. Thank you Sir.

MR SPEAKER:

Are there any other contributors?

HON P C MONTEGRIFFO:

Mr Speaker, I want to concentrate simply on the future rather than the past, bearing in mind my involvement does not go back prior to this House, and simply put on record that clearly the Agreement arrived at with the British Government, as has been made public, involves a complete structuring of the Social Security arrangements in Gibraltar. The process, as explained by the Chief Minister, is delicate if I can use his words and almost to talk of a solution to the pension's issue, bearing in mind the road we have to go down in the next few years, may be even premature inasmuch as the solution is to be implemented rather than a solution having been arrived at. The reason why we have abstained on the amendment has I think been explained, Mr Speaker. Basically our concern has been or will continue to be, within the confines of Community Law, the way that Gibraltar pensioners are affected. We have more than just a slight degree of anxiety on how the Gibraltar position is going to be adequately protected in a non-discriminatory and community-proof fashion in the reform that is going to be undertaken. At this stage since we are bound by confidentiality and because of the nature of the restructuring, the people of Gibraltar will not get to know the details of the restructuring, at least in the long term situation, the problem is all the more acute because we have the risk of people misinterpreting what is going to be done without understanding motives, without appreciating why certain positions have to be taken. I want to lay stress, in my short contribution, that until the practical re-arrangements of Social Security benefits in general is more clearly seen as to how it is going to affect Gibraltar pensioners, exactly what type of benefits will replace present benefits, until that happens the views of the Opposition should be one of general reserve because, in my personal view, it is much too early in the day to talk about a solution to the pensions issue. It is really only a road on which we are embarked upon, which hopefully will lead us to that solution. I would therefore want to place on record my general anxiety and misgiving that the structure we have embarked upon is something we think very carefully about and we from the Opposition will be closely monitoring.

HON J C PEREZ:

Mr Speaker, just to say that I am glad that the Honourable Member opposite has realised the importance of the issue at stake, because from last Thursday night on television till today he must have realised that the pension situation is no hiccup. I recall listening to him on television saying that it was just a hiccup I can understand why the Honourable Member wants to look at the future and not at the past, because, of course, he was not there in the past

and does not want to get his fingers caught on anything that happened in the past. It is obvious that he would want to look at the future but I am glad that he realises now that the past has been no hiccup and that this has been a serious problem affecting Gibraltar and hanging over the heads of the previous Government. It was a serious problem which we inherited immediately we took office with no solution in the offing and which the Honourable the Chief Minister has been working on, practically full time, for the past seven months. It was as a result of his personal initiative in looking for solutions and proposing solutions to the British Government that has eventually broken the ice and produced a solution for Gibraltar and for the future of Gibraltar. I think this is something which must be placed on record in this debate. Thank you Mr Speaker.

HON LT COL E M BRITTO:

Mr Speaker, I too want to concentrate on the future rather than in the past and I want to dwell on one particular point. This is that it has now been established and, I think, agreed on by previous speakers that in the agreement that has been reached and in the events that have taken place the British liability for the Spanish Pensions problem has now been established. From that viewpoint I would like to take up a couple of points made by the Honourable the Chief Minister. One of them is that when he analysed the situation of the Social Insurance Fund in relation to the effect of migrant and short-term workers and the subsidy by the long-term workers and to highlight the point that he made about the difficulties that the Fund is experiencing. That and other points that he made "that at no stage was that foreseen or was brought up in the advice given by the British Government to previous Gibraltar Governments". Similarly, I would also reiterate another point that he made and that is that there will be in the future, United Kingdom Government technical support to carry out an analysis of the Fund and compare that to his comments on the Report of the Joint Study on the Spanish Pensions and the way that the original terms of reference had coloured the final Report. The point that I want to make, Mr Speaker, is that for the future we have had an indication, from the Chief Minister this morning, that the scheme as it stands and I think I am quoting him, "the scheme as it stands will not survive and may need to be either substantially reformed or replaced" and that we will be depending once again on British advice, in essence, to do this.

HON CHIEF MINISTER:

If I can correct that? We are not depending on British advice, Mr Speaker, what we are depending is on the computerisation of 20,000 files which cannot be processed manually and as a result of putting all that information into a computer and being able to analyse within a short

time scale the implications of different things. The policy of the future will however be determined by us, because all that the British Government is doing is picking up the bill for the Spanish pensioners. There will be no interference from the UK Government in what we put in its place.

HON LT COL E M BRITTO:

I thank the Chief Minister for that clarification. However, in essence what I am saying, is that from a situation that we have at the moment of total British liability we are now moving into a situation, in the future, of reform and of change for the Social Insurance Fund and the point which I think is essential to stress is that in making those changes it is essential that we avoid the possibility of a situation arising where the liability that has been clearly established as being Britain's is eliminated and instead we end up with the possibility of a liability falling on the Gibraltar Government. It is vitally important in Gibraltar's interest that any changes that are made safeguard the position so that there is no possibility of a similar situation arising in the future and Gibraltar being landed with the liability. Thank you Mr Speaker.

MR SPEAKER:

If there are no other contributors I will call on the Hon the Leader of the Opposition to reply.

HON A J CANEPA:

Mr Speaker, I only have two points that I want to deal with in exercising my right to reply. I think that Honourable Members opposite who were Members of the last House of Assembly and most certainly the Chief Minister himself knows that over the years I have taken, and I continue to take, a very close personal interest in matters to do with Social Insurance. My role within the team of Gibraltar negotiators back in 1984/85 which Sir Joshua Hassan, the Financial Secretary, the late Mr Joe Pitaluga and myself used to attend in London, my role within that team was a similar one to what the Chief Minister now has, in the sense that on the details, I was the leading negotiator if you like, naturally the overall responsibility, at the political level, was that of Sir Joshua Hassan but I used to get very much involved in the nitty gritty of the matter and that is why I preface what I am going to say in respect to two matters that were brought up by the Chief Minister. When he said "that there was no fallback position if money were to run out before the end of 1988". That is so, and my own position on that one was, and I certainly was not in splendid isolation, the rest of the Government agreed with me in that we would not pay. We would have had expected Britain to meet any shortfall and that is what we were prepared to go to town

on, had we had responsibility for having to deal with the matter. With regard to the Joint Study Report which has come up with various devices as to what can be done in Gibraltar, make pensions taxable, freeze them and so on. Well quite honestly to me it was all water off a duck's back. The position that I took was, you come up with anything you want because when the moment arrives we are going to dig our heels in, we are not going to pay, because we cannot. It was as simple as that. The Joint Study, the people working on the Joint Study, I think recognised that, in the sense not that they recognised what action I was going to take, no, what they said ultimately, it is a political decision. Whatever you come up with the matter was going to have to be fought out with the Foreign Office. Our position was the determination of the Gibraltar Government to deal with a difficult problem, not to lose our nerve and to be confident that Britain ultimately was going to have to bear the brunt of it. The other interesting point, made by the Chief Minister, is of his having been told by the experts "that no scheme stays the same for thirty years". Of course corrective measures are usually taken to meet the evolving situation but what did we do, in our case in Gibraltar, what we did was that twenty years after the start of the scheme, in the middle seventies, what we did was, to expand the scheme enormously and to improve it. We introduced the formula linking the level of Benefits to Average Earnings, we made the scheme universal, we made everybody insurable, which up to 1975 was not the case, and all those improvements I think, we had every expectation, every reasonable expectation, of being able to get away with them or being able to afford them by a modicum of increases in contributions except for one underline problem, in a closed frontier situation, of course. The problem was the Moroccan workers. The Moroccan workers presented a problem then and they could present a bigger problem in the future, if Morocco enters into Agreements with the EEC. This may happen because there are hundreds of thousands Moroccan workers throughout the Community. So this would have posed an additional problem for us, even if the frontier had remained closed, but we were working in a vacuum in Gibraltar, we were working in a microcosm and what we did, in the middle 1970s, with the support and encouragement of the Honourable Member opposite was something that we felt was required. We really wanted to do this for the benefit of our people. If workers were getting parity of wages with the United Kingdom, we wanted our pensioners to have a standard of living that was commensurate with the younger generation of workers. So it was done in good faith and as I say I think we probably would have got away with it but for these other historical factors, of Gibraltar having been opened up, exposed to Social Security Regulations of the EEC in a more dramatic way after the opening of the frontier. We are grateful for the line the Government has taken generally on this motion and we are happy to see that we are able to reach what amounts, Mr Speaker, to a consensus.

Mr Speaker then put the question and on a vote being taken the question was resolved in the affirmative and the Hon A J Canepa's motion, as amended, was accordingly passed and now read as follows:

"This House -

(1) Declares that the three-year agreement reached in December 1985 on Spanish pensions did not commit either party to fixed percentage contributions during the period 1986-1988, or beyond;

(2) Deplores the decision of the British Government to re-allocate for the payment of Spanish Pensions ODA funds previously earmarked for development projects in Gibraltar after agreement between ODA and the Gibraltar Government;

(3) Urges the British Government to refrain from making any further use for this purpose of the remaining funds out of the £6m set aside for development;

(4) Considers that the arrangements entered into by the British and Gibraltar Governments for the reform of the Social Insurance Fund should safeguard the accrued rights of all pensioners and contributors on a non-discriminatory basis and in accordance with community law".

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

HON A J CANEPA:

Mr Speaker, I have the honour to move that:

"This House -

Upholds the independence of the Civil Service in the carrying out of their functions as a pre-requisite for good Government and would view with concern any interference which such independence or with the constitutional provisions safeguarding the same".

I wonder, Mr Speaker, whether we might not, in dealing with this motion, revert to the more common experience over the years of motions from the Opposition benches namely that every word after "this House" would be deleted. We will see. Mr Speaker, let me say right at the outset of my contribution, and I would not have felt it necessary to stress this point but for the interpretation that was put on my motion in a certain newspaper, but for that I would not have introduced my contribution with the statement that I have no doubt whatsoever about the political impartiality and the integrity of the Civil Service and Civil Servants generally. I have no doubt that they have

always been above party politics, that they are above party politics and I venture to hope that they will always be allowed, in the future, to be above party politics. My motion is not intended to be a motion of censure on the Government, I do not particularly want to be controversial if I can help it. My objective is to bring out into the open, to give an airing to a matter which has been causing some concern in town, and in particular amongst members of the Civil Service, and to invite the Government to take note. The Government may then wish to act accordingly, just as the Chief Minister felt it necessary to close down Government offices for an afternoon in order to call in Civil Servants and to clarify certain matters, in particular those related to the setting up of Joint Venture companies and to the restructuring of the Civil Service. I do not know to what extent, Mr Speaker, all Honourable Members are aware of what the Constitutional position is with respect to the Public Service Commission, the body which by and large has certain duties and functions to perform in the appointment and promotion of Civil Servants and perhaps it might be useful for the record if I were to quote briefly the relevant sections of the Constitution. The Public Service Commission, Sir, is set up under Section 72 of the Gibraltar Constitution. The other sections of the Constitution which deal with the Public Service Commission are Sections 73 and 74. Section 72 formally sets up the Public Service Commission. Section 73 deals with the role which the Public Service Commission has to perform, by and large being that of advising the Governor on certain matters effectively the service and Section 74 deals with the performance of functions of the Public Service Commission. I think that Section 73(1) is particularly relevant and it reads as follows: "The Governor acting in his discretion may refer to the Public Service Commission for their advice any question that relates to the appointment, promotion, transfer or termination of appointment, dismissal or other disciplinary control of public officers, and any other question that, in his opinion, affects the public service". Section 74(4) makes it clear that "In the exercise of their functions under this Constitution, the Public Service Commission shall not be subject to the direction or control of any other person or authority". So in a nutshell, Mr Speaker, their role is to advise the Governor and by and large they do that in respect of matters to do with the promotion of Civil Servants. Occasionally disciplinary matters may be referred to them but they are few and far between. In the exercise of their general functions over the years, the business of the Public Service Commission by and large has been to consider applications for promotion within the Civil Service and to deal with those applications. However appointments and promotions are made by the Governor on the advice of the Public Service Commission. The Public Service refers the matter, through the Deputy Governor to the Governor for a decision. It could be said that the Public Service Commission exists and has existed over the years to ensure that there are no, what is commonly termed jobs for the boys, so Ministers



are not involved in these matters, I think it would be undesirable if they were to be involved, if they were to meddle in appointments. The procedures and the conditions of the Civil Service in Gibraltar are modelled on that of the United Kingdom. We do not have the situation in Gibraltar as in the United States where public servants change with the political administration, the President, Governors of States, Senators, they all bring in their own political advisers and appointees. We have the situation such as in the United Kingdom that with the change of Government, Civil Servants remain in office and they are committed to serve the Government of the day with total impartiality. Such has been the position in the past and I have no doubt that it will remain and continue. My personal experience, in sixteen years in Government, Mr Speaker, was that when vacancies occurred they were automatically filled as a result of the initiative, the procedures followed by the administration. Indeed Ministers, never got to know about promotions other than when we heard about them in the street. The only exception that I can remember in all my years was to have been consulted by the Establishment Officer to ensure the acceptability of the person appointed to be my own Personal Secretary. Other than that, over all the years in the Department of Labour and Social Security and numerous other departments which I was the political head, I just got to know about appointments in the street, there was no semblance of consultation or what have you. In the case of a Personal Secretary for very peculiar reasons, because naturally the person has got to be someone who is going to be working very closely with the Minister I was consulted, it was not even so much a promotion it could in fact be termed more a transfer. It is only the Chief Minister, Mr Speaker, who is consulted by the Governor where appointments are made to the post of Head of Department or their equivalent. What one would term the Senior Grades. Then the Governor as a matter of course consults the Chief Minister on the advice that he has received from the PSC. What the Governor is doing in this case is effectively giving the Chief Minister the right to veto an appointment at that level. That has been the practice in the past and I am sure it so remains. What has however caused some disquiet in recent months, Mr Speaker, what has caused some concern amongst the public and also within the Service, is that there have been some instances of post that should have been filled but have not been filled, there has allegedly been a case of a direct appointment and which led to six senior Civil Servants feeling it necessary that they should go to see the Deputy Governor, to complain to him about the matter, the Deputy Governor who is to all intents and purposes the Head of the Civil Service. It is also said that there has been a case where the Public Service Commission selected an officer for promotion to Senior Executive Officer, but the post went to somebody else who had not even applied. There has also been talk that some weeks ago a number of applicants for vacancies as Clerical Assistants were interviewed, were wait listed, two vacancies were filled,

but in the event they were not taken from the short list but from outside the list. Mr Speaker there would appear to be cases of appointments not being referred to the Public Service Commission and which should have been referred to them and of their recommendations not having been accepted on at least one instance. I am not going to go into any great detail, Mr Speaker, on these matters in order not to cause embarrassment, in order to try to keep the discussion on the rails and they are matters that we like others, hear about in the street. We have however gone public in the case of Mr Peter Cumming because quite frankly what happened to Mr Cumming was something totally without precedent, certainly in my experience, and it seemed to us that it was almost incredible that in this day and age what happened to him could happen to any Government employee, moreso given the readiness of Trade Unions to come to the help of their individual Members in such matters. We have also been very concerned that the Gibraltar Health Authority has been brought back within the ambit of the Civil Service and we cannot but wonder what the real reason for this course of action is. We accepted the recommendations of the Medical Review Team totally, on the setting up of the Health Authority and all along when in Opposition, the statements made by the GSLP on the matter, on the setting up of the Health Authority, on the recommendation of the Medical Review Team seemed to indicate that they also supported the recommendations. Why now the change? I find it difficult to believe, Mr Speaker, that it just has to do with the Public Service pensions and I find it difficult to accept that the Pensions Ordinance cannot be amended in a suitable manner to safeguard the position of those civil servants who have taken up employment with the Authority. There has also been an instance involving the Health Authority where the Matron felt it necessary to state in a memorandum to certain members of the staff that certain instructions had in fact come directly from the Chief Minister. The position of the Chief Minister is one where he is regarded as the Minister for the Civil Service. He has an important function to perform in ensuring the independence of the Civil Service when carrying out these functions. This special position and relationship with the Civil Service is not intended to give the Chief Minister an opportunity to behave or to act in an opposite sense. It is one where he is there to ensure that that is the case and is there to appeal to, if necessary, by the representative Associations on any matter in that they feel they have reached a deadlock and they would like to see whether the political arm can exercise their good offices in order to avoid the deadlock. We have no doubt, Mr Sepaker, that Government upholds the principles that we are enunciating. They have certainly said nothing in Opposition to give any indication to the contrary. The Honourable Mr Bossano, during the time he was Branch Officer of the TGWU and the ACTSS was in fact in a unique position, in some respects, as a very close observer of the administration at work. He has therefore been able to see over the years the working of these



principles in practice. What we are really doing, Mr Speaker, in conclusion, in bringing this motion to the House is nothing more, nothing less than bringing these matters to the attention of the Chief Minister and his Government. Maybe they are aware of the matters that we have raised, but in case they are not aware, we thought that we should bring them to their notice. It is not easy, and I speak from practical experience, to spend many hours working in Government Departments and in Government offices and at the same time to have the finger fully in the pulse. You need to be in the street, you need to do what the Honourable Mr Bossano used to do when he was Branch Officer be able to walk around, to have the time and to be stopped by people and listen to what they have to tell you without the pressure of having to attend numerous meetings and know that there are people waiting for you and that you are going to be late. Because it is not easy to perform both roles, to be a Government Minister and to look after the constituency interest, which as Members of the House we all have to look after and we thought it opportune to bring this motion to the House. I hope that the Government will be able to view the motion and perhaps even hope that they will support it in the spirit in which I have moved it and I hope that they will also be able to reply in the same low key manner. Mr Speaker, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Leader of the Opposition.

HON CHIEF MINISTER:

I do intend to amend the motion, Mr Speaker, but not by removing all the words, but by removing any misconception which certainly I am sure the Honourable Members opposite will have no problem in supporting the amendment, because they are consistent with what the Honourable Member has said. So what I will do is move the amendment and then I will just answer the points made by the Honourable Member. I propose that the motion should be amended by inserting the words "the loyalty and" after the words "upholds the", so that it would read, "upholds the loyalty and independence of the Civil Service" and then by also inserting the words "implementing the policies determined by the democratically elected Government" after the words "of their functions" in the second line. So that the motion will then read "Upholds the loyalty and independence of the Civil Service in carrying out their functions, implementing their policies determined by the democratically elected Government" and the motion will then continue as originally moved. I am doing that Mr Speaker, because the protection to which the Civil Service is entitled is of course a protection so that it carries out its functions, that is to carry out the policies that are determined by the elected Government and which have got the support of the electorate. I think one thing that we need to cure once and for all is the idea that the Civil Service is independent in the

sense that it has an independent line of its own and can determine its own policies. Certainly that is not something that is acceptable to us. I recall on many occasions, in Opposition, questioning the Government on things and the Government would say that it was the other side of the House or the other side of the Government which was responsible and there were two sides. There was the administrative "Civil Service Governor side," deciding certain things, and the politicians deciding other things. As far as we are concerned, the Civil Service is employed from public funds to serve the public and what we have to do, in protecting taxpayers in Gibraltar, is to make sure that the people are getting or that they are entitled to get what is in fact reflected in the policies that they supported in the Election. I do not know what it is the Honourable Member was trying to make me aware of because he made a number of passing references to things but he said he did not want to be specific so as not to embarrass anybody. Let me say he certainly does not embarrass us by anything he wants to make public. It may be that he does not want to embarrass the people who come to him with stories which may be true or may not be true. He has raised the question of the sending out of a circular and which I have already answered. He has already raised it previously and I have already given him the explanation "that the Matron sent out a circular because in fact as a consequence of the Report that they accepted, when they were in Government, we created ten posts of Senior Enrolled Nurses and we as a Government were not prepared to pay people and not have them do the duties that go with the pay". The Matron may not agree but we are responsible for footing the bill of those ten jobs and as far as we were concerned, as a Government, it was our policy that they should be required to do the job of a Staff Nurse if they are being paid the pay of a Staff Nurse. It is as simple as that. Any Civil Servant or any Head of Department, as far as we are concerned, as a Government, is there to give us advice and to tell us what they think professionally which is what they are paid to do, what they think is the right way or not the right way to proceed to achieve objectives which we lay down. What they are not there for is to tell us what the objective should be and it is a nonsense for the Honourable Member to say that the Civil Service has served all the Governments in the sixteen years loyally because it has been the same Government in the sixteen years. The test of the loyalty is now, for the first time since 1972, and I can assure the Honourable Member that there were serious reservations in 1969 to 1972 about some of the policies that were being implemented or not being implemented at the time. I remember this from the other side of the House. I was in contact with people who were in Government and I knew of the internal problems that they were having in some areas and I can tell the Honourable Member opposite that I have had more than one Senior Civil Servant, who has told me in the last sixteen years that they would pack their bags and go rather than serve under a GSLP



Administration. So let us not kid ourselves, Gibraltar is very small and we all know each other and you do not need to parade up and down Main Street to find out what is going on. I do not know where in town there is disquiet or in which corner of the bureaucracy, there are people being upset. As far as I am concerned, the Public Service Commission, as the Honourable Member has quoted, is there to give advice. He has, in fact, read Section 73(1) which says "the Governor at his discretion may refer matters to the Public Service Commission". So presumably, if the Governor does not refer it to the Public Service Commission, because the Governor in the full knowledge of what the policy of the elected Government is, does not think it is necessary. The Civil Service is being asked to accept very fundamental changes, in attitudes, in the way that it is organised and in the way it has to serve the public. I think we all need to be reminded that we are employed to serve, as Ministers and as Civil Servants, and it is the taxpayer that is the ultimate employer and that has to be satisfied. What we cannot have, and what we will not have as a Government, is a situation where the policies that we promised people, Mr Speaker, do not get implemented because individuals within the hierarchy do not agree with those policies, for all the best reasons in the world, not because they are AACR, not because they do not like us, simply because they do not know better. Now, they might have felt they knew better before, when there were part-time Ministers, and they felt they were there all the time, but we are there all the time now and we have got sixteen years of experience of failure to deliver results. Therefore we are now making sure that results are delivered and we are making sure that whether we are talking about selecting Administrative Assistants and I do not know how AAs were selected before, but we certainly told the Personnel Manager that there were certain criteria in selecting people for jobs which has nothing to do with their party affiliations, let me say, and the Honourable Member may feel that the Public Service Commission has existed all these years to make sure that there are no jobs for the boys, but I do not know where he went for his walks in the last sixteen years, but I can tell him that everybody that I ever spoke to in sixteen years knew who was going to get the job before it was even advertised. So I do not know how that was managed. Today we have laid down certain criteria and one of the criterias we set, in terms of recruitment, is that we have to balance not just the qualifications and the skills of the applicant, but the social needs of the applicant. We think it is a nonsense for example to have a situation where you have a Labour Department, where private sector employers are expected to open vacancies and the Government does not open its vacancies in its own Labour Department. The Government advertised the vacancy in the local press. We have stopped that, if we do not have any confidence in our own Labour Department, how do we tell employers that they should do it. We should open the vacancies in the Government in the Labour Department, and before we start encouraging people to leave other jobs to come to the Government, let us find out who is unemployed and see

whether we can help the people who are unemployed by taking them into Government. Therefore we look at the needs of the individual, we look at the fact that we may be paying somebody supplementary benefits and therefore he may not be the ideal employee, from the point of view of the Departmental Manager but from the point of view of the Government looking at its overall responsibility, we think that socially and even economically it might be better to employ somebody that is considered unemployable by others, who a Head of Department might not want, because it means more headaches and more work for him, than to employ somebody who is already employed somewhere else and who does not need that particular job and who has no difficulty in finding work and who leaves his other employment to come to the Government. So we have introduced certain criteria which we consider to be consistent with a responsibility, not just to man the Public Service efficiently, but also to have a role in society and that is not new. The previous Government for many years had a non-public, but defacto policy, of sheltered employment and people, we all know, have been taken into Government, who strictly speaking if they were going to be interviewed and treated totally objectively on their ability, would not have got the job, but the Government has recognised that they have a handicap, or they have this problem or the other problem and therefore this has always been going on. Mr Speaker, let me therefore say that there is no need for disquiet and that the move from the Health Service back to the Government has no sinister connotations, it is a very simple one. Like many other things, when we came in we found a situation in existence which has not been properly thought out. I have already explained it, Mr Speaker. We took office on the 25 March, the Health Authority, in law, was created on the 31 March, people had already been told, in writing, they were being transferred with all their rights to the Health Authority and there was no legal power to pay them in April. Nobody had thought of it. Under the Financial Procedures Ordinance what happens is that if you have them moved with the new Budget, the Financial Secretary has got the authority to carry on paying for three months under the Public Finance (Control and Audit) Ordinance, but it can only carry on paying for three months, the people that were already being paid on the 31 March in the Civil Service. Since these people stopped being in the Civil Service on the 31 March, they could not be paid under the discretionary powers of the Public Finance Ordinance and they could not be paid by the Health Authority because the Health Authority had no money because we had not yet passed the Budget. What we therefore had to do was to stretch the rules by making an advance to the Health Authority so that the Health Authority could pay its employees and then repay us back when we brought the Appropriation Bill to the House and we gave the Treasury subsidy to the Health Authority. That was the first problem and after that we found that there were serious difficulties which Honourable Members know about as I have

explained it to them in the House and outside the House, serious difficulties about protecting pension rights and we could not argue, they are going to be treated as Civil Servants for pension purposes because they receive a subsidy. I have already told them that and I have already told them why, because one could argue that Mount Alvernia receives a subsidy, so why should they not be treated as Civil Servants. GBC receives a subsidy, so why should they not be treated the same. Therefore when we looked at all the ramifications, we said "we have inherited a system that has been rushed very quickly, the law was passed in December and the Health Authority was created three months later and what we are not going to do is have an ad-hoc decision, where in order to solve one problem, we take short-term measures and then we find ourselves with ten problems where we had one before", which is something that has happened to Members opposite over the years and the Leader of the Opposition knows quite well that I am stating the truth. Short-term ad-hoc decisions and then the problem surfaces when you least expect it and really floors you. So we thought right the only sensible thing we can do is to go back to square one. We will maintain the independence of the Health Authority in terms of their being able to run their own show and spend their own money, but effectively, we maintain the promise given by the previous Government that everybody who is in the Health Authority will continue to be in the Civil Service. Then that created a problem that between the 31 March and that decision a number of people had been promoted, and had been taken into the Service who were not selected by the Public Service Commission. We then had to find a solution to that problem. The arbitrary cases that the Honourable Member is quoting about people being promoted are the people that they promoted and that they put in at Grade F, in the Hospital when they were in Government and the opposition that we have had when six people came to complain to us was that those six people came to complain to us, that the people that the AACR had made Grade F, had gone up too fast and that they were not senior enough and now they were coming back into the Civil Service with the Grade F that they had achieved in the Health Authority. It is not that we were trying to get jobs for the boys, I do not know whose boys they are but I do not think they are my boys, in Grade F. What we had was a situation to which we had to find a solution and we talked it over with the people concerned, we talked it over with their Union and when we had that meeting where I asked everybody to come, and I agreed this with the GGCA, it was in fact because within the Service, one thing we have found out, I am not saying that this is deliberately promoted by the Leader of the Opposition or by Members opposite, because I do not think it is, but we have found out that there are people who voted for them and who are well known, open supporters of theirs within the Service, and who stir up whenever they can stir up, Mr Speaker. We all know it and we know who they are. We have not sacked them, we have not victimised them, we have not disciplined them, but we know who they

are and therefore when we get a feedback, as we do, that people are being deliberately scared, by being told "well now that Joe Bossano is in he is going to get rid of all the Civil Servants, that he is going to take away your pensions from you, that he is going to make you all work more", well fine we told the Union that we would like to meet the Service face to face and we would explain our ideas and our policies to them, because we believe that by frank talking across the table, whether it is to a group of workers or Civil Servants or Heads of Departments or anybody else, that is the only way in which to get to the truth. We have no problems in defending the philosophy, with the additional amendments that I have put, and certainly nothing that I have said, as far as I am concerned, is inconsistent with the intention of the motion as explained by the Leader of the Opposition. We want the Civil Service to be independent but at the end of the day the policies of the Government of Gibraltar will be decided by the elected Government and not by the Civil Service.

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

HON A J CANEPA:

Mr Speaker, just one point in the amendment. In omitting the word "in" before "implementing", what the motion is doing is limiting the functions of the Civil Service to those of implementing the policies determined by the democratically elected Government. Does not the Honourable the Chief Minister accept that they have got other functions beyond that, for instance, enforcement of the law? The law is there and unless it is amended continuously by the Government, who reflects its policies, it is there, they have got functions as enforcement officers. That is a job which a Civil Service has to do. There are other branches of the Civil Service which in fact are independent such as the Judiciary, there are people employed in the Judiciary who are not subject to the policies of the democratically elected Government, they are subject ultimately to the Courts. So I think it is taking too narrow a view, in saying "the carrying out of their functions, implementing the policies determined by the elected..." I would suggest that there is a need for the word "in", so that the amendment would then read "carrying out of their functions in implementing the policies determined by the democratically elected Government" because there are other functions which have nothing to do with this House. I would therefore move, Mr Speaker, if

Honourable Members opposite are agreeable, that the Chief Minister's amendment be further amended by adding the words "and in" before the word "implementing". There is just one other point, Mr Speaker, that the Honourable the Chief Minister made reference to and that was the problems which the 1969 to 1972 IWPB Government had. I was a fairly close observer of the political scene at the time, even though I was not a member of this House and it was about half way through that term of office that I decided to take the plunge. When I came into Government in 1972, I was able to learn a little bit about the difficulties that one encounters and they may be the same kind of problems to which the Honourable the Chief Minister has made reference to. There were however other problems and they were as a consequence of the implementation of a new Constitution. A new Constitution that created a system of dual responsibilities, what were termed as defined domestic matters and matters that were not of a defined nature. It was in that territory that was not of a defined nature, where perhaps Senior Civil Servants who were in situ took a particular view as to how the Constitution applied. When we came into Government in 1972, we had a residue of those problems and over the years we were able to overcome them and some of those Members who were then in the Opposition pointed out that we seemed to be getting away with things that they had not been able to achieve. It was the working of the Constitution, the way that it evolved, in my view, more than anything else which created difficulties for them. Having said that, the only other point I want to make, Mr Speaker, is that I think the exercise has been a useful one and we have ventilated certain matters and they are there for the record.

Mr Speaker then put the question in the terms of the Hon the Chief Minister's amendment and the Hon A J Canepa's further amendment which was resolved in the affirmative and the amendments were accordingly passed.

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

"This House -

Upholds the loyalty and the independence of the Civil Service in the carrying out of their functions and in implementing the policies determined by the democratically elected Government as a prerequisite for good Government and would view with concern any interference with such independence or with the constitutional provisions safeguarding the same."

The question was resolved in the affirmative and the Hon A J Canepa's motion, as amended, was accordingly passed.

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

#### ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker before I propose the adjournment, I think it is the custom and practice when we have a meeting in December to wish yourself, Members opposite and indeed the people of Gibraltar the seasons greetings. I think we have always done that even when we have had a heated debate as the final item on the Agenda. Since this one has been less heated than normal, it is appropriate that in moving the adjournment of the House sine die to wish all the best to our fellow Members in this House, to yourself and also to the people of Gibraltar.

HON A J CANEPA:

I would just like to reciprocate those sentiments, Mr Speaker, to Honourable Members opposite, to the Clerk, to yourself, to the staff of the House and if we do not have you here next Christmas, Mr Speaker, we will be thinking of you.

MR SPEAKER:

Well gentlemen since I have not received notice of any matters to be raised in the adjournment, I will now put the question, but before doing so, may I reciprocate and thank you all for your good wishes and may I at the same time also wish a very merry Christmas and prosperous New Year to our Hansard staff, to the media who always sit with us and to Gibraltar in general.

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 1.25 pm on Tuesday the 6th December, 1988.